Austria Sch22	Indonesia ... Rp3100	Portugal Esc120
Bahrain ... Din0.650	Israel NS3.50	S.Arabia Rls7.00
Belgium BFr48	Italy L1700	Singapore ... S$4.10
Canada .... C$1.00	Japan Y600	Spain Pta145
Cyprus .... C£0.90	Jordan Fils500	Sri Lanka Rup30
Denmark . DKr10.00	Kuwait Fils.500	Sweden SKr9.00
Egypt .... E£2.25	Lebanon .. S.L125.00	Switz SFr2.30
Finland Fmk7.00	Lux LFr48	Taiwan .... NT$85
France FFr6.50	Malaysia ... Rin4.25	Thailand Bht50
Germany ... DM2.30	Mexico Pes500	Tunisia Din0.800
Greece Dr120	Morocco Dh6.00	Turkey L600
Hong Kong... HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway ... NKr10.00	USA.............. $1.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,619 Thursday August 18 1988 D 8523 A

PRAGUE SPRING
Time takes toll of Czech emotions
Page 18

World News

Republicans apprehensive about choice of Quayle

The decision by US Vice-President George Bush to pick Dan Quayle as his running-mate in November's presidential election stunned Republicans and fuelled apprehension about the party's electoral prospects. Page 18

Burma still tense

Renewed anti-government protests were reported in Burma, where diplomats put the death toll in last week's riots – officially 95 – at 3,000 in Rangoon alone. Page 4

More Polish strikes

About 400 coal miners at Poland's Morcinek colliery went on strike and port workers at Szczecin joined the widening protest in support of the banned Solidarity trade union. Page 2

Iran-US thaw

A Tehran newspaper closely linked to Ayatollah Khomeini, Iran's spiritual leader, called for the restoration of ties with the US. Page 18

Fishing case for ICJ

Denmark referred an eight-year-old dispute with Norway, over fishing rights around the north Atlantic island of Jan Mayen, to the International Court of Justice at The Hague. Page 2

Singapore election

Singapore's parliament was dissolved and elections called for September 3, over a year ahead of schedule. Page 4

Lebanon in crisis

Hardline Christians threatened to secede from Lebanon if a scheduled parliamentary session elected Syrian-backed Suleiman Franjieh to succeed President Amin Gemayel. Election delay likely, Page 4

Hayden confirmed

Bill Hayden, once seen as an ardent anti-royalist, stepped down as Australian Foreign Minister to become Queen Elizabeth's representative in Canberra. Page 4

Locust threat plea

The Sahelian state of Niger appealed for more international aid to fight locusts and other pests infesting 30,000 square km of its territory.

Palestinians strike

Arabs in East Jerusalem and the Israeli-occupied West Bank went on strike to mark "Jerusalem Day," in protest against Israel's annexation of East Jerusalem after the 1967 Middle East War. In the Gaza Strip a round-the-clock curfew went into its fourth day.

Purge victims found

More than 500 graves of people shot at the height of Stalin's purges have been found in a forest in Byelorussia, the weekly Moscow News reported.

Italian crime wave

Antonio Gava, Italy's Interior Minister, held crisis talks in Cagliari, the Sardinian capital, on how to respond to a wave of serious crime. Page 2

Mandela 'not in peril'

Attie de Kock, the doctor treating Nelson Mandela's lung ailment, said there was "no need for concern" over the 70-year-old African National Congress leader's health. His condition was, he said, "well under control". Botha in a quandary, Page 4

Business Summary

Central bank action fails to brake dollar's surge

THE DOLLAR jumped sharply on foreign exchanges yesterday, shrugging off both central bank intervention and Tuesday's US trade figures. Selling by the Bundesbank and Federal Reserve failed to stop the US currency rising more than four pfennigs against the D-Mark in London. Against sterling it ended nearly 3 cents higher. Page 18, Markets Page 40

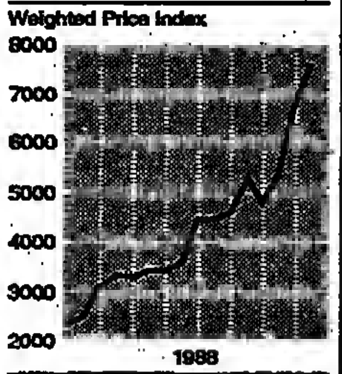
BASF, West German chemicals giant, said that group pre-tax profits rose by 18.2 per cent from DM1.44bn ($770m) to DM1.71bn in the first half. Group sales were up 6 per cent from DM20bn to DM21.6bn and exports climbed 14 per cent to DM6.8bn. Page 20

HEWLETT-PACKARD, US computer and scientific instruments maker, reported a 30 per cent advance in third quarter earnings to $192m, or 80 cents per share, from $148m or 57 cents in the same period of 1987. Page 20

TAIWAN'S stock market was boosted by gains in Tokyo and on Wall Street and the weighted index climbed 209.34 to a record 7,604.25. Page 40

Taiwan

Weighted Price Index



BRITISH ECONOMIC growth is likely to slow to an annual rate of about 2 per cent next year, according to the latest Treasury comparison of forecasts in the City of London. Page 7

STATOIL, Norway's troubled state oil company, saw pre-tax earnings almost halved in the first half of 1988 to NKr2.8bn ($40.9m) from NKr4.3bn in the same period last year due to lower oil prices and a lower dollar exchange rate. Page 21

SOUTH KOREAN companies, hit by appreciation of the currency, higher wages and an increase in raw material prices, have experienced a reduction in the rate of income and sales growth in first-half results. Page 22

BERGEN BANK, one of Norway's largest banks, plans a one-for-five rights issue to raise its share capital by NKr302.7m to NKr1.75bn ($256m) in line with new legal requirements for a higher capital ratio to assets. Page 21

TOYS "R" US, world's largest toy retailer, reported a rise in second quarter net earnings to $23.1m, or 18 cents per share, up from $16.65m or 13 cents in the year-ago quarter on sales $170.2m ahead at $686.8m. Page 20

ISS, Danish international cleaning and security systems group, increased group pre-tax profits in the first half from DKr68.5m to DKr87.8m ($12.3m) on turnover up by 19 per cent to DKr3.22bn. Page 21

IBERIA, Spanish national carrier, is considering the purchase of a 49 per cent stake in Pluna, the Uruguayan state airlines – soon after the proposed tie-up between Scandinavian Airline System and Aerolineas Argentinas. Page 21

35 DEAD INCLUDE US AMBASSADOR ● SENATE SPEAKER IS ACTING PRESIDENT

Zia killed in aircraft explosion

By Christina Lamb in Islamabad

THE POLITICAL future of Pakistan was thrown into confusion yesterday following the death of the country's President General Mohamed Zia ul-Haq in an unexplained air crash.

The 64-year-old President was killed along with 34 others when their C-130 Hercules military aircraft exploded shortly after take-off in central Pakistan near Multan.

The dead included Mr Arnold Raphel, US ambassador in Pakistan, and two senior Pakistani military officers – Gen Akhtar Abdul Rahman, chairman of the joint chiefs of staff and Lt-Gen Mohammed Alzad, chief of general staff.

According to an official announcement, the group had just taken off to observe military manoeuvres being staged by the Pakistani army near the Indian border. There were no survivors.

The cause of the crash was not revealed. It was not known how much credence to give to local newspapers who cited eyewitnesses as seeing a missile being fired at the aircraft.

Ten days of national mourning was declared immediately and an inquiry ordered into the incident. Mr Ghulam Ishaq Khan, the Senate chairman, took over as acting president. He was expected to address the nation late last night after an emergency Cabinet meeting.

A major factor in the future of Pakistan will be the reaction of the army. Pakistan has been under military rule for more than half its lifetime and the army was Gen Zia's most powerful constituency, the President having retained his position as chief of army staff.

His second in command, General Aslam Beg, will now take over that post. Recently, there has been tension in the armed forces, particularly among the lower ranks, who felt that the army was coming into disrepute.

In Rawalpindi in May, an army officer was beaten up by angry crowds in an incident believed to have helped provoke Gen Zia's decision to dismiss the Government.

Although the future for Pakistan looks uncertain, a return to military rule is unlikely to be tolerated by the public or welcomed by the military. By declaring Mr Ishaq Khan President, the army has shown its intention to follow the 1973 Constitution.

Significantly, military police, not the armed forces, have taken over the capital. In some areas, the news of Gen Zia's death was greeted with jubiliation that the days of one-man rule in Pakistan are finally over. Oppposition politicians were yesterday assessing the impact of Gen Zia's death on plans for the elections in November.

His death appeared to clear the way for a major bid for power by Ms Benazir Bhutto who has become the effective leader of the opposition.

President Zia, who dismissed the Government in May, had recently announced elections to be held on November 16 on a non-party basis. The election campaign for the opposition, who have been pressing for party polls, is expected to gain momentum . Earlier yesterday, the major opposition party, the Pakistan Peoples Party (PPP), filed a petition to the Supreme Court demanding party-based elections.

Mr Ishaq Khan, as acting president, is unlikely to resist pressure for party-based elections. Not a military man, he cannot rely on the backing of the army, and, unlike Gen Zia, cannot claim to be in power to bring in an Islamic system.

Although the late President's talk of Islamisation was criticised even by religious parties as a political ploy, he was widely respected as a pious man. Moreover, the three caretaker chief ministers who, using Government patronage, were expected to ensure a defeat for the PPP in the elections, have now lost their backing, being closely associated with Gen Zia.

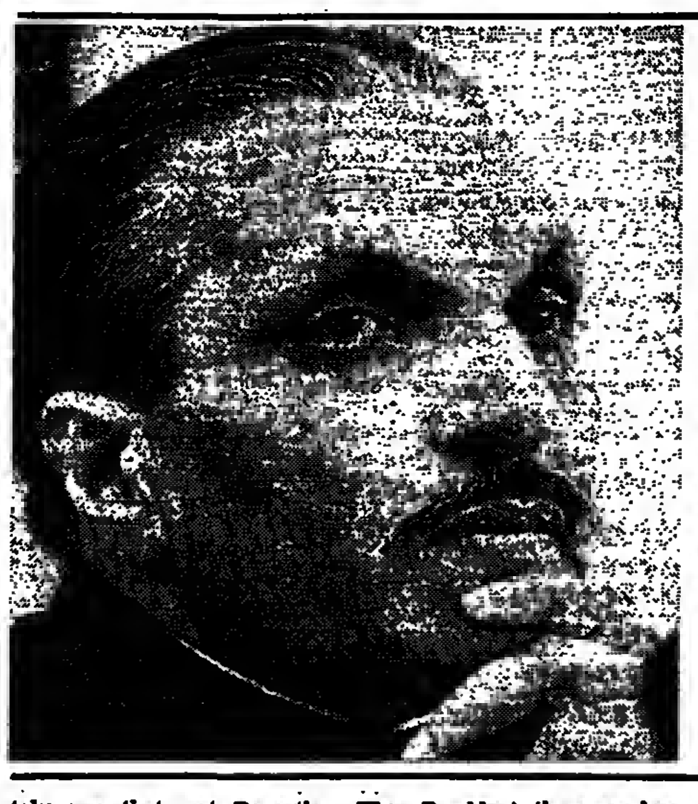
One of the main thrusts of Gen Zia's policy was his support of the Afghan rebels.

Resistance leaders fear they will not receive the same backing from any future leader, several of whom have threatened that they would like to see the 3m refugees leave Pakistani territory.

There is unlikely to be any change in Afghan policy in the run-up to the elctions, with the caretaker cabinet sharing Gen Zia's views, although the Geneva Accord on Afghanistan may now be more strictly adhered to.

Gen Zia's death may also be a big setback for US policy in the region. Recent public meetings of the opposition alliance, the Movement for Restoration of Democracy, have condemned American interference, demanding an end to imperialism in Pakistan.

However, political observers believe that, although this is a popular slogan, Pakistan's relations with America will not change drastically because of the large amounts of American aid on which the economy depends.



On Other Pages

● THE death of General Zia of Pakistan, left, yesterday, has thrown the country into a degree of political uncertainty and potential turmoil which has not been seen for more than a decade.

General Zia dominated Pakistan politics since 1977 – first as military ruler and then as President – and his death comes at a sensitive time. Page 16

● General Zia's death finds his opponents stronger than they have been than at any time since he took power 11 years ago, although that opposition is itself divided and mistrustful. Page 14.

● Lack of vision flawed the Zia years, Obituary, Page 3; US ambassador with a love of Pakistan, Page 3

Reaction reflects shock and apprehension

By Our Foreign Staff

GENERAL Zia ul-Haq's friends and foes around the world were temporarily united yesterday by their shared shock over his death and acknowledgement of the dangerous uncertainties it creates.

Among the main concerns were the impact his death could have on the settlement in Afghanistan, and on relations with the US, Pakistan's main supporter, and India, with whose government ties have traditionally been strained. There were also anxieties about a possible power vacuum in Pakistan itself.

Among the first to react was Mr George Bush, the US Vice President, who described the death of the general as "a great tragedy". Speaking at a news conference called to discuss his impending nomination for President by the Republican Party, Mr Bush said: "Pakistan and the United States had a very special relationship".

Pakistan has been Washington's key ally in the region, and the main conduit of US support for the Afghan Mujahideen fighting against the Soviet-backed Afghan Government.

Mrs Jeanne Kirkpatrick, the former American ambassador to the UN, said that General Zia's death raised "a question about whether Pakistan can continue to as strongly support the Mujahideen, because that involves some risks for Pakistan."

There was now also a question as to "whether Pakistan can resist the extremes of Islamic fundamentalism which some people would have in mind for Pakistan."

President Zia's death was seen in Delhi last night as inevitably plunging Indo-Pakistan relations into a new period of uncertainty.

It has coincided with a noticeable toughening in India's attitude to President Zia's regime over what India considers Pakistan support for Sikh terrorism in the Punjab.

Mr Rajiv Gandhi, the Indian Prime Minister, last night expressed his deep shock and distress at President Zia's death adding that he hoped that Pakistan "will face this crisis with fortitude and calm." The cabinet is to hold an emergency meeting today. India claims that Pakistan provides a safe haven for the terrorists and training. President Zia has long denied the Indian charges – which are also considered exaggerated by most diplomats. But in an election year in India in which the Government was preparing to use charges of foreign interference to buttress its domestic position, relations were already tense before yesterday's events.

Although there will be no gloating in Delhi over the manner of President Zia's death – the murder of Mrs Gandhi in 1984 is too fresh in peoples' minds – he has never been popular in India. The immediate fear is that one military ruler could be followed by another, precipitating further instability in Pakistan that would have its impact in India.

The hope is that the growing opposition to President Zia in Pakistan will make further military rule impossible and thus pave the way for a civilian government.

Moscow economist spells out the home truths

By John Lloyd in Moscow

THE PLIGHT of the Soviet consumer has been thrown into stark, even brutal relief in an article in Moscow News which is astonishingly frank even by the present standards of the Soviet press.

In the article Mr Alexandr Zarchenko, a senior economist at the Soviet Academy of Sciences, has destroyed any lingering illusions that Soviet citizens enjoy a standard of living comparable with advanced capitalist states.

In terms of consumption of goods and services per capita, he puts the Soviet Union somewhere between 50th and 60th on a world scale.

Not only, he writes, has the level of average income fallen below the level where it can serve as an incentive to work, but the vaunted social services are grossly inferior to those of the US.

Where the US spent nearly $180bn on education in 1985, the Soviet Union spent only 37.9bn roubles – a third as much on the fixed exchange rate (one rouble = $1.58).

Health provides an even more unfavourable comparison. Where the US spent some $175bn, the Soviet Union spent only 22bn roubles.

Food in the Soviet Union takes a much bigger chunk of the family budget.

An average two-wage, two-children family in Moscow earning 380 roubles a month would spend some 59 per cent of that on food compared with 15 per cent in the US, 20 per cent in Japan, 23 per cent in Greece, 25 per cent in France, 40 per cent in Bulgaria and 45 per cent in Spain.

He acknowledges that housing is very cheap, taking only 6 per cent of average income against 26 per cent in the US.

The Soviet family, however, has an average of only 57 cubic metres of "usable housing" and a Soviet worker must put in 1¼ times more labour per cubic foot of housing than his counterprart in the US.

The consumption of private services, he says, is "one of the lowest in the world."

Raising wages would only make matters worse, because there were insufficient goods and services on which to spend more money.

"This would lead to nothing but economic chaos, inflation and degradation of labour incentives."

He adds: "There is no other way (of improving matters) other than changing over to full and unconditional self-fin-

Continued on Page 18

Standard Chartered caught in international tug of funds

By Roderick Oram in New York and David Lascelles in London

STANDARD Chartered Bank of the UK has been caught in a tussle between courts in New York and Hong Kong over $12.4m deposited with it by Mr Fred Lee, a Taiwanese businessman charged in the US with insider trading.

Abiding by an order won by the US Securities and Exchange Commission, the bank handed over the money this week to a New York court. Sir Peter Graham, the chairman, said last night that it said it did so under duress because of the threat of contempt of court proceedings.

"We plan to appeal," he said, "on the grounds that they have no jurisdiction over funds held in Hong Kong." He said the decision to pay the money in had been made after consulting legal advisers, the Bank of England and the Foreign Office.

Standard Chartered is in double jeopardy because a Hong Kong court will hear in October a demand from Mr Lee that the bank returns his money. On legal advice, Standard Chartered has refused to pay it out to him.

Mr Lee, a 38-year-old with close ties to Taiwan's ruling circles, was charged in late June with illegally earning over $19m by trading on inside information. He allegedly paid $200,000 to Mr Stephen Wang, a junior mergers analyst with Morgan Stanley in New York, for information on at least 25 takeovers in the nine months up to this April.

Mr Lee, refusing to return to the US to answer the charges, attempted to transfer his money out of US accounts. The SEC, which is seeking a total $76m including triple damages from Mr Lee, won a court ruling last week to freeze his assets in the US.

Standard Chartered's problems stem from a dispute over where the money was when the ruling was granted on August 11. It and Mr Lee say the funds had been transferred to Hong Kong 24 hours before. The SEC believes it was still in New York.

The SEC says extra-territoriality is not an issue. It says the money was clearly "the fruits of fraud," was on deposit at a New York bank branch which the US regulates, and the New York court has clear jurisdiction over Mr Lee for crimes allegedly committed in the US.

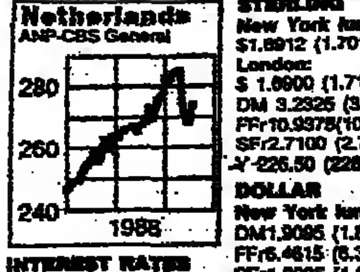
It cites as precedent a case last year involving Mr Nahum Vaskevitch, a former Merrill Lynch specialist in London. Convicted of insider trading, he sought unsuccessfuly to block a US court order which seized bonds Merrill Lynch was holding for him.

The SEC is showing particular zeal with the case, which is potentially the largest insider trading affair since the Ivan Boesky case two years ago.

Standard Chartered results, Page 19

MARKETS

Netherlands
ANP-CBS General



INTEREST RATES
US
Federal Funds $8\frac{1}{16}$ ($8\frac{1}{8}$)
3-mth Treasury Bills: yield: 7.25 (7.29)
Long Bond: $96\frac{11}{32}$ ($97\frac{1}{8}$)
yield: 9.43 (9.41)
London
3-month interbank: close $11\frac{5}{16}$ ($11\frac{1}{2}$)

STERLING
New York lunchtime
$1.6912 (1.7015)
London:
$ 1.6900 (1.7190)
DM 3.2325 (3.2175)
FFr10.9375(10.8975)
SFr2.7100 (2.70)
Y 226.50 (228.25)

DOLLAR
New York lunchtime
DM1.9095 (1.8895)
FFr6.4615 (6.3985)
SFr1.6025 (1.5875)
Y133.97 (133.7)
London:
DM1.9125 (1.8720)
FFr6.4725 (6.3400)
SFr1.6030 (1.5705)
Y134.05 (132.85)

GOLD
New York lunchtime:
Comex
$440.6 (436.8)

STOCK INDICES
New York lunchtime
Dow Jones Ind. Av.
2015.65 (-5.86)
S&P Comp
260.04 (-0.52)
London:
FT-SE 100
1830.9 (+5.6)
World:
125.29 (Tues)
Tokyo
Nikkei Av.
28,178.66 (+252.31)
Frankfurt
Commerzbank
1477.4 (+19.3)

OIL
Brent 15-day (Argus)
$14.775 (-.15)
West Tex Crude
$15.475 (-.13)

CONTENTS

Republicans stunned by Bush's choice of running mate

Mr George Bush's decision to select the unknown Senator Dan Quayle of Indiana as his running-mate for the presidential election in November has fuelled apprehension about the Republican party's electoral prospects
Page 18

Soviets remain world's biggest arms supplier

By Robert Taylor in Stockholm

THE Soviet Union remains the world's leading arms supplier to the Third World and there is no evidence that Soviet arms trade strategy has been systematically revaluated since Mr Mikhail Gorbachev, the Soviet leader, came to power, according to the Stockholm-based International Peace Research Institute (Sipri).

The institute's 1988 report on world armaments and disarmament published yesterday says that last year the Soviet Union exported $9.6bn of arms to Third World countries, mainly to India, Iraq, Syria and Angola. This compares with the US, the second biggest arms supplier, who exported $5.8bn worth of arms to developing nations.

Sipri estimates that the Soviet Union has n 39 per cent share of the Third World arms market and it believes that "Kremlin policy-makers" are continuing to use arms sales as a "major policy tool and principal hard-currency earner."

The report argues that glasnost has not illuminated Moscow's arms sale decision-making process, which remains almost completely unknown outsida the Soviet Union. Nor have the Soviets been any more forthcoming with information about their arms exports. Very little is known about internal debates within the Soviet Union on specific arms transfers since the Khrushchev era.

But tha institute believes that the Soviet Union is going to lose clients and influence unless it can develop newer and better weapon systems for export. The yearbook maintains that the traditional low cost advantage of Soviet arms to Third World countries is becoming a dwindling asset as Third World governments "are willing to pay for superior Western hardware." It points out that India, Iraq and Peru are rednecing their purchases from the Soviet Union and buying elsewhere.

Sipri calculates that last year world arms sales totalled $35.1bn at 1985 constant prices, compared with $32.3bn in 1986. After the Soviet Union and the US, the main arms exporters were France, Britain, West Germany and China. The biggest arms importer was India ($5.2bn in 1987), followed by Iraq, Egypt, Sandi Arabia, Israel and Japan.

INTERNATIONAL PEACE RESEARCH INSTITUTE ANNUAL REPORT

Little sign of serious cuts in arms spending

By Robert Taylor in Stockholm

THE WORLD is not yet heading in a non-nuclear direction and the present international security outlook remains uncertain, according to the annual year book published yesterday by the Stockholm-based International Peace Research Institute (Sipri).

Its director Mr Walther Stützle said the best that could be said about the present position was that there was a holding operation. It was too soon to conclude the result would be a "safe landing", with a "new era in arms control marked by agreements that cut into the muscles" of arms expenditure.

Ha also pointed ont that there were an estimated 36 separate conflicts still going on in the world, and none of the positive developments in the Iran-Iraq conflict, tha wars in Angola and Namibia, or the war in Kampuchea had resulted so far in "signed, ratified and enforced peace settlements".

While he recognised that both superpowers had "travelled a long way" towards overcoming their differences, symbolically signified by the signing of the intermediate-range nuclear forces (INF) treaty, there was still considerable uncertainty.

No new negotiating mandate for conventional arms control in Europe had been agreed upon, he said. Nor had the chemical weapons convention been concluded. The strategic arms reduction talks agreement had yet to be signed, and "agreement on the substance of the anti-ballistic missile treaty was still pending."

Mr Stützle also expressed concern that since the signing of the SALT 1 agreement in 1972 there had been no follow-on agreement ratified that would seriously reduce the strategic nuclear inventory of the superpowers.

There were far more nuclear weapons in the world now than 20 years ago when the nuclear weapons proliferation treaty (NPT) was first signed.

Sipri estimates that in 1970 the US had 3,734 nuclear strategic warheads in its inventory mounted on 2,175 delivery vehicles. Today it had as many as 13,012 on 2,036 vehicles. Similarly, the Soviet Union had 1,861 warheads on 1,861 vehicles then, and 11,450 warheads on 2,459 vehicles now.

The report questions whether the world is at a turning point, because it is cautious about the intentions of Mr Mikhail Gorbachev and how the West will respond to them. It points out that the INF treaty stood as a "significant example of Soviet responsiveness to Western security and arms control concerns", but "without sacrificing anything of crucial importance for Soviet security and defence".

Yet it also argues that while Mr Gorbachev "has not only applied bold language, but has also initiated radical solutions in order to correct the major mistakes of his predecessors, he has been remarkably less precise in addressing the future". Sipri believes that it is largely due to "Nato's failure to test Gorbachev's ideas" that "it remains unclear whether the Soviet leader means serious business".

The institute expresses serious criticism of 19 of the 35 countries covered by the 1975 Helsinki accords which refused to provide it with the arms data they are supposed to exchange with all member-governments.

If confidence-building were to become the central prerequisite for arms reductions, the public domain needed to know the facts and figures on which to build confidence and ultimately to accept major reductions, Mr Stützle argued.

Sipri hopes to learn a good deal more about Soviet intentions in next month's Olof Palme memorial lecture to be given by the Chief of the Soviet General Staff, Marshal Fedorovich Akhromeyev.

Cost of Iran-Iraq war tops historic earnings from oil

THE eight-year Iran-Iraq war has cost both countries more money than the total historical value of their entire petroleum export earnings, according to estimates published yesterday by Sipri, writes Robert Taylor.

It has calculated that the total combined military-related spending (which excludes major arms imports) by Iraq and Iran since the war started in 1980 ranges from $168.5bn (£98bn) to $203.6bn at current prices. Total oil revenues earned by the two countries throughout their history are estimated at $400bn.

The institute reckons that Iran's war effort cost between 5 and 6.1 per cent of its gross domestic product, with a total military expenditure of from $74.4bn to $91.4bn at current prices. On top of this the country bought $3.1bn worth of arms from abroad in 1985 constant dollars.

This is a much smaller total for arms purchases than Iraq ($24.2bn), for Sipri points out that Iran relied far more on military manpower in its war effort.

The estimated military expenditure for Iraq over the eight-year period is calculated to range from $94.1bn to $112.2bn, between 24.8 and 29.6 per cent of the country's gross domestic product.

Sipri is well nware of the tentative nature of its estimates, partly due to the fact that its calculations for military expenditure are based on current dollar figures, while the statistics for arms imports to Iran and Iraq are based on 1985 constant dollars.

It believes that $27bn-worth of major weapons were delivered to Iraq and Iran during the war: three-quarters of Iraq's coming from the Soviet Union and France, and half Iran's from China.

The Institute also points out that other countries in the Gulf, particularly Saudi Arabia and Kuwait, have built up their armaments during the war, and important new supply relationships have been established with China and the Soviet Union as a result.

Polish coal strike spreads to newest pit

FOUR HUNDRED coal miners at Poland's newest pit went on strike yesterday and port workers joined the widening protest in support of about 3,000 miners occupying a pit to demand national recognition of the banned Solidarity trade union, strikers said, Reuter reports from Jastrzebie.

Miners told reporters the entire morning shift declared a strike at the Morcinek colliery in the village of Kaczyce near the Czechoslovak border.

Port workers in Szczecin, north-west of Warsaw, went on strike yesterday morning, according to local Solidarity leaders.

The Morcinek mine strike began after about 3,000 workers occupying the Manifest Lipcowy mine in nearby Jastrzebie since Tuesday called on workers in other pits to support them in their demand for national recognition of Solidarity.

Several hundred police cordoned off the Jastrzebie mine and barred hundreds of workers from joining the occupation, the biggest protest since labour unrest in April and May, triggered by sharp price increases.

Mr Andrzej Andrzejczak, head of a strike committee at the Morcinek colliery, said the strikers were supporting the 22 demands put forward at the Manifest Lipcowy pit. These included better pay and conditions and reinstatement of workers sacked for illegal union activities, as well as recognition of Solidarity.

He said talks with the management had broken down after 30 minutes. The management had also refused to restore cut telephone links to allow the strikers to contact Manifest Lipcowy, but a delegation of miners had set off for Jastrzebie to talk to strikers.

The strike, which was organised by Solidarity activists, began at Morcinek when the morning shift refused to go down the pit, Mr Andrzejczak said. Four hundred of the total workforce of 2,300 were involved, mostly young men.

Officials also opened talks with miners at the Manifest Lipcowy pit early on Wednesday with an official of the Industry Ministry present, miners said.

The striking port workers in Szczecin were reported to have occupied the docks and set up a strika committee. A local prosecutor immediataly declared the strike illegal, Solidarity leaders said.

Danes take Jan Mayen dispute to court

By Hilary Barnes in Copenhagen

THE DANISH Government has decided to take a dispute with Norway over the maritime economic zone round the remote North Atlantic island of Jan Mayen to the International Court at The Hague.

The two countries have failed to find a solution to rival claims in eight years of negotiations, but Mr Thorvald Stoltenberg, Norway's Foreign Minister, was quoted yesterday as saying he still hopes that the two countries can reach a solution among themselves.

The 144-square mile island, an infertile volcanic rock inhabited only by the 30 staff of a meteorological and radio station, belongs to Norway. It is about 600 miles from the Norwegian coast and 285 miles from the east coast of Greenland, which is a Danish dependency.

In 1980 both countries declared 200-mile zones off their respective territories. The dispute covers an area of overlap between the zones of 27,800 square miles.

Norway asserts that the division into aconomic zones should be made along the line of equi-distance between Greenland and Jan Mayen, while the Danes argue for a 200-mile Greenland zone.

"Greenland has major fisheries interests at stake," said Mr Uffe Ellemann-Jensen, Danish Foreign Minister. "Jan Mayen's small size, distance from Norway, and lack of population and economic activity cannot allow it to receive weight in drawing the division with Greenland."

"The island cannot effect a limit on Greenland's 200-mile zone," according to a press release from the ministry.

Denmark and Norway were involved between the wars in a bitter dispute over a Norwegian territorial claim to East Greenland. The dispute was settled in Denmark's favour by a Hague Court judgment.

17 killed in Russian train crash

SEVENTEEN people, including children, were killed and 167 injured when a Moscow-bound express train was derailed and engulfed by fire on Tuesday evening, the Soviet media said yesterday, Reuter reports from Moscow.

Of the injured, 106 were taken to hospital and 61 were treated at the scene of the crash of tha Aurora express from Leningrad.

Tass news agency said the train jumped the tracks and burst into flames about 195 miles northwest of Moscow, halfway between the capital and Leningrad.

Information on the identities or nationalities of the dead and injured was not immediately available. The US embassy said it had been informed there were no Americans on board the train. Other Western embassies in Moscow had no information.

The crash, on ona of the most heavily-used lines in the Soviet Union, was the latest in a string of railway accidents.

Two months ago 91 people were killed when a train packed with explosives blew up as it entered the station at Arzamas, an industrial city east of Moscow.

A crash involving two trains killed 106 in the southern coal town of Kamensk Shakhtinsky last August.

Soviet Union looks for a better class of detective as tide of crime increases

By John Lloyd in Moscow

THE PRINCIPLE of decentralisation as a means of increasing efficiency has its limits, even under perestroika. In the case of detective work, centralisation is better.

In an interview with the Tass news agency yesterday, Mr Boris Zabotin, the deputy Interior Minister, described the former nature of Soviet investigations as one in which crime figures were falsified, innocent people were framed, and officers acted arbitrarily and without much grasp of the investigatory process.

Indirect confirmation of Mr Zabotin's comments comes from the fact of the trial early next month of one of his predecessors: Mr Yuri Churbanov, deputy Interior Minister under Mr Leonid Brezhnev, who was his father-in-law, stands accused of corruption.

Mr Zabotin said the investigations department of the militia had now been brought under the direct, daily control of the Interior Ministry. This reform appears to have been prompted by the public and growing complaints of inefficiency, corruption and idleness in the militia – as well as rather more democratic one.

In particular, the calendar proclaims a meeting of the central committee of the Communist Party in November, which, it says, will prepare drafts for a meeting of the praesidium of the Supreme Soviet later that month aimed at agreeing new laws on the judiciary and changes to the constitution to accommodate a political system which will see the election next spring of a new Soviet of peoples' deputies.

It is this body which Mr Mikhail Gorbachev has proposed should be presided over by himself – in addition to retaining his role as general secretary of the Communist party.

In the shorter term, throughout the coming autumn, local and work-level party branches will hold elections, while a wide-ranging debate on the legal changes is expected in the press.

Early next year, a plenum of tha central committee is to be held on the subject of the USSR's international relations – at present the arena of a high-level rhetorical battle between those who wish to see a shift from support for the "class struggle" worldwide, and those who wish to see the Soviet Union retain that.

Shots fired in credit card war

By John Lloyd in Moscow

THE MOSCOW credit card war still rumbles on, as two Soviet state agencies exchange veiled sarcasms about their ability to convert the citizenry to plastic roubles.

Both Vnesheconombank, the bank for international affairs, and Intourist, the travel agency, have signed deals with Eurocard/Mastercard and Visa respectively. Two weeks ago, Mr Ribero da Fonseca, managing director of Visa International, used the columns of Moscow News to allege that Vnesheconombank "had its doubts" about the whole thing.

Not at all, said Mr Vladimir Khavronsky, chairman of Vnesheconombank's board, interviewed in yesterday's Moscow News. "We have no doubts: if Mr Fonseca had visited us he would been convinced of this . . . I would like to add that throughout the world it is banks which issue credit cards, since it is banks, not tourist organisations, which give financial guarantees."

"Incidentally," he said, adding the coup de grace, "in October or November Vnesheconombank intends to conclude agreements with Visa International, and we will do so through the well known London bank, Barclays, acting as an intermediary."

He added that "in one and a half years time the system will be in full force. The experience we will achieve through this can possibly be used in the internal banking system of the USSR." Your ball, Intourist.

Afghan pledge on democracy

AFGHANISTAN'S Foreign Minister, Abdul Wakil, has said his government would try to establish a multi-party democracy to bring peace to the country, according to a Finnish Foreign Ministry spokesman, Reuter reports from Helsinki.

Wakil, on the second day of a four-day unofficial visit to Finland, held talks with Foreign Ministry officials and with Mr Kalevi Sorsa.

The spokesman said Wakil stressed his hope for a peaceful settlement.

Philips and Albania in barter deal

THE DUTCH electronics giant Philips has concluded a complex barter agreement with Albania for two-way trada worth about Fl 3m (£830,000) a year, the company said yesterday, Reuter reports from Amsterdam.

The 10-year deal was negotiated by Philips' Countertrade Bureau and will involve NV Philips Gloeilampenfabrieken buying Albanian cement and tobacco in exchange for electronic components and measuring equipment.

Albania intends to buy colour television assembly kits and television lighting and studio gear at a later stage, Philips said in a statement.

Both sides agreed on special account arrangements and bank guarantees in order to reduce risks on the contract, the first Philips has negotiated with the Tirana government.

The Countertrade Bureau was set up four years ago to help all division of the Philips group negotiate barter and countertrade deals.

Philips, which aims to build up its divisions into worldwide forces with a global marketing and sales strategy, last month blamed Asian competition and fluctuating exchange rates for a drop in net profits of 19.5 per cent in the first half of 1988.

Yugoslavs hope to get inflation down to 95%

YUGOSLAV President Raif Dizdarevic has complained that the country's runaway inflation remains unchecked while economic output continues to stagnate, the official Tanjug news agency said yesterday, AP reports from Belgrade.

Mr Dizdarevic said inflation during the first seven months of this year had been rising at a rate of about 190 per cent, Tanjug reported.

He said the government had planned, however, to keep inflation at about 95 per cent.

Inflation for 1987 amounted to about 170 per cent.

The International Monetary Fund has agreed to a rescheduling programme for the $21bn debt on condition that inflation does not exceed 95 per cent.

Minister in crisis talks on Italian kidnappings

By John Wyles in Rome

CAUGHT IN the midst of a mid-summer explosion of serious crime, Mr Antonio Gava, tha Italian Interior Minister, yesterday held crisis talks in Cagliari, the Sardinian capital, on how to respond to a new wave of kidnapping.

Perturbed by the headlines of the past few days, many Italians may be drawing a parallel between Mr Gava and the Dutch boy battling digitally with the dam.

The activities of Sardinian bandits in the past fortnight have included a failed attempt to kidnap Mrs Marta Marzotto, divorced wife of one of Italy's top textiles manufacturers, the sending of a portion of an ear said to belong to Mr Elio De Angelis, a wealthy Roman businessman kidnapped two monthe ago and being ransomed for a reported L4bn ($2.9m), and the kidnapping of a young pharmacist last weekend.

But Mr Gava's problems have not been confined to Sardinia.

Last Sunday a potentially very destructive bomb was discovered in a car outside Milan's central police station, and on Monday extreme nationalists in the Alto Adige blew up a water pipeline.

Coming in the wake of damaging divisions within the police force and magistracy in the Sicilian capital, Palermo, the Italian state seems once again to be undergoing a severe test of its resources and organisation.

Kidnapping is an ancient Sardinian cottage industry which appears to be flowering again because of the relative immunity with which kidnappers can obtain their ransoms.

In the De Angelis case, the police have placed a legal restraint on the family's financial and other assets, but its members still say they are ready and willing to pay the price demanded for the businessman's release.

In addition to promising to raise "the quality and the quantity" of the police presence in Sardinia, Mr Gava also undertook yesterday to amend the so-called La Torre-Rognoni anti-Mafia law to enable the sequestration of suspected proceeds from kidnapping.

According to Italian television yesterday, his predecessor gave the same assurance two years ago but nothing was done.

Meanwhile in Milan, police are pursuing the theory that the bomb – three sticks of dynamite attached to two methane gas canisters – was planted by right-wing terrorists.

It was discovered after the receipt of an anonymous telephone call which investigators believe was designed to bring a large number of police to the scene of the explosion. The plan was thwarted, however, by a faulty timing mechanism and some cool bomb-disposal work.

Little has been heard of right-wing Italian terrorism in recent years and Milan itself has not suffered a bomb outrage since the early 1970s.

The theory that "black" rather than "red" terrorism may be responsible springs largely from recent evidence in Rome that a group may again be active and the fact that indiscriminate bombing has traditionally been a tactic of the extreme right rather than the extreme left.

Soviet general accuses UK over treaty

A SOVIET military official yesterday accused the UK of breaking a superpower arms control treaty, PA reports from London.

Lt Gen Victor Pavlov said that changes to the missile early warning station in Yorkshire, northern England, contravened the 1972 Anti-Ballistic Missile Treaty.

The general, an adviser to the Communist Party Central Committee, said that new radars being installed at the station and an operational system at Thule in Greenland were "equal threats."

But the UK Ministry of Defence said that the new radars were only defensive and modernisation was permitted under the terms of the treaty. It said that the base had been established before 1972 and existing equipment was wearing out.

"Both systems are of the Pave Paws type and are deployed outside US territory, violating the ABM treaty, said Lt Gen Pavlov in a Moscow interview with specialist magazine Jane's Defence Weekly. "In allowing these systems to be sited on their territory, Denmark and the UK have become accomplices in undermining the treaty."

He accused the UK Government of trying to conceal the violation by presenting the changes as modernisations.

"The replacement of several old radars with new ones of a completely different type cannot be described as modernisation," he said.

Lt Gen Pavlov said the treaty prevented the US and USSR from deploying radar systems capable of identifying ballistic missiles except on their own soil, at test ranges or locations on the periphery of each territory.

Thule and the Yorkshire base now contravened these requirements, he said.

Fears grow in eastern Europe over scale of alcohol abuse

Leslie Colitt in Berlin

THE HEALTH authorities in eastern Europe are seeking to combat an alarming rise in alcohol consumption and in several countries growing drug abuse.

More than 90 per cent of 15-year-old East Germans consume alcoholic beverages several times a week, according to medical reports presented at a recent conference in Dresden on alcohol and prescription drug addiction.

Between 20 per cent and 30 per cent of adult East Germans suffer from various stages of alcoholism and more than 10 per cent of retail trade sales consists of alcoholic drinks.

In contrast with Mr Mikhail Gorbachev's anti-alcohol campaign in the Soviet Union, East Germany has made no attempt to restrict the sale of liquor, beer or wine.

East German officials noted that experience in "other countries" had shown thet such measures were unsuccessful.

The tripling of alcohol consumption in East Germany since the 1950s to 11 litres of pure alcohol a head annually is in large part the result of increased drinking by women and teenagers. East Germans also bring bottles of schnapps to work on birthdays which result in year-round drinking on the job to someone's health.

Early detection of alcohol misuse is to be improved in East Germany, which also wants to increase the nonavailability of non-alcoholic beverages. Until now supermarket shelves, as in the rest of eastern Europe, display n bewildering variety of alcoholic beverages but few soft drinks.

Tha Dresden conference revealed that drug abuse in East Germany is largely confined to prescription drugs but this, doctors said, was on a massive scale.

Unlike Poland, where alcoholism has long been a serious problem, it has only become one in Hungary in the past 10 years, during which alcohol consumption rose at the fastest rate in the world. Hungarian public health officials attribute this largely to the social upheaval involved in many rural Hungarians moving to towns and cities.

Heavy drinking, as in Poland, has raised the mortality rate for men between 45 and 50 years old to one of the world's highest. Repeated price increases for alcohol in both countries have failed to deter drinking but have greatly increased the distilling of moonshine.

The two countries also have the most severe problem with drug addiction in eastern Europe. Hungary has 30,000 drug addicts according to the economic weekly Oetlet, most of whom are young and sniff glue as well as paint thinners and petrol.

Forty people are said to have died from the lethal habit.

Hungarian chemist shops are regularly broken in to for drugs and 14,000 forged prescriptions were presented last year. Most of the 500, registered users of morphine and marijuana were said to be students.

As the first East European country to be engulfed by illegal drugs in the 1970s, Poland has the most experience in combating addiction. Nearly 25,000 young Poles seek help annually in centres using the Monar therapy.

It consists of a strict work regime in the first three months during which nearly one quarter of the patients dropped out.

But the success rate for the two-year rehabilitation programme is reported by both Polish and Hungarian health officials to be nearly 40 per cent compared with 8 per cent to 15 per cent for similar drug programmes in the West.

Inflation rate leaps by 0.8% in Portugal

By Diana Smith in Lisbon

PORTUGAL'S monthly inflation rate rose by 0.8 per cent in July to a year-on-year total of 9 per cent, scarcely below last December's total of 9.4 per cent.

For months, stubbornly-high inflation rates have led trade unions, whose members' pay rises this year were linked to goverment inflation forecasts of 6-6.5 per cent, to insist that official targets were too low. The release of July's figures has prompted unions to demand an immediate review of prices and incomes policies.

Mr Anibal Cavaco Silva, the Prime Minister, recently admitted that the 6.5 per cent inflation target might not be achieved before next March. Even that date is viewed sceptically by unions and the banking community.

Air peace offer

A SENIOR tourist official offered yesterday to mediate between the government and Barcelona air traffic controllers to head off strikes planned for later this month that would cause chaos for holidaymakers, Reuter reports from Madrid.

Hungarians debate capital instrument

THE Hungarian parliament yesterday began debating whether to launch a new financial instrument to draw more investment into the country's capital markets, the official MTI news agency said, Reuter reports from Budapest.

Hungary has by far the most advanced capital market in communist Eastern Europe involving bond and share trading and is now considering introducing Certificates of Deposits (CDs).

"Experts stress that the financial investment instruments available at present are not attractive enough and do not promote the saving rate in the required degree," MTI said.

A certificate of deposit is a large interest-bearing deposit which is not withdrawable on demand. The bank issues a certificate as proof of ownership and this becomes a negotiable instrument tradeable on a secondary market.

"Once the CD is introduced, the Hungarian money market will obtain a financial instrument that is highly flexible both in terms of maturity, interest rate and nominal value," MTI said.

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AMERICAN NEWS

Quayle fails to add stature to Bush ticket

By Stewart Fleming and Lionel Barber in New Orleans

"HE IS a little like Robert Redford," said Senator Rndy Boschwitz of Minnesota about the Vice-President's surprise selection yesterday of little-known 41-year-old Senator Dan Qusyle of Indiana as his running mate.

Senator Boschwitz said Senator Quayle was "very acceptable" to the conservative wing of the Republican party which has always been ambivalent about Mr Bush, the East Coast establishment Yankee.

Tbc rationale behind the *Bush campaign's choice is that* Senator Quayle is a member of the younger generation of conservative Republicans who firat joined the party in response to Ronald Reagan's free-markat, individnalistic appeal. "He is a man of the future," said Mr Bush.

Senator Quayle is articulate, particularly good on television and, according to the Vice-President's own pollster, a politician who has consistently done well among groups such as minorities, union households and women who have yet to become captive spirits of the Republican party. He may in this respect be the ultimate pollsters' choice.

He may help among women voters, though Mr Bush's campaign manager, Mr James Baker, was quick to distance himself from suggestions that good looks alone would suffice.

The Vice-President is suffering from the "gender gap"; in comparison with his Democratic rival Governor Michael Dukakis of Massachusetts, Mr Bush is running up to 20 points behind among women.

Part of this weakness is due to Mr Bush's woolly image, but it also reflects scepticism among women who believe the Reagan Administration has tended to spend more money on weapons than on the needs *of the modern working woman.*

Yet, Senator Quayle may be a mixad blassing in this respect. He is a hardline conservative who is against abortion and has been trying to make a name for himself on defence issues. He, along with Senator Jesse Helms of North Carolina, led the conservative fight against ratification of the snperpower treaty hanning intermediate nuclear missiles. However, he retained a flexible position throughout and to the irritation of some right wingers, focused more on improving the treaty with amendments than torpedoing it.

There were questions too, yesterday about how much Mr Qnayle can help Mr Bush regionally. He should help the Vice-President solidify his base in the sonth, the breeding ground for patriotic young entrepreneurial New Republicans. But the Vice-President is already strong there. As for the Mid-West, Senator Quayle is by no means as strong a runner as Senator Robert Dole of Kansas might have been; as for Indiana, Mr Bush must know that *it is a small state which has* gone Republican consistently since the Second World War, and it carries a mere 12 votes in the electoral college.

The downside of Senator Quayle is that he has a minimum track record in both the House and Senate. Some legislators dismissed him as a blow-dried hlond and a lightweight when he entered the House of Representatives in 1976, though his work on arms control and other defence issues helped solidify his reputation in the Senate.

The comment about Robert Redford may be double-edged. Some Republicans in New Orleans recall that one of Mr Redford's most memorable roles was in The Candidate, a film about a handsome media-packaged politician whose first words after winning the election were: "OK, what do we do now?"

There is, too, one small shadow hanging over Senator Quayle. He is reported to have made a golf trip in 1980 with two other members of Congress and a woman Washing*ton lobbyist who later posed in* Playboy. Senator Quayle said there was no factual basis for the story, but the press is certain to pursue the matter.

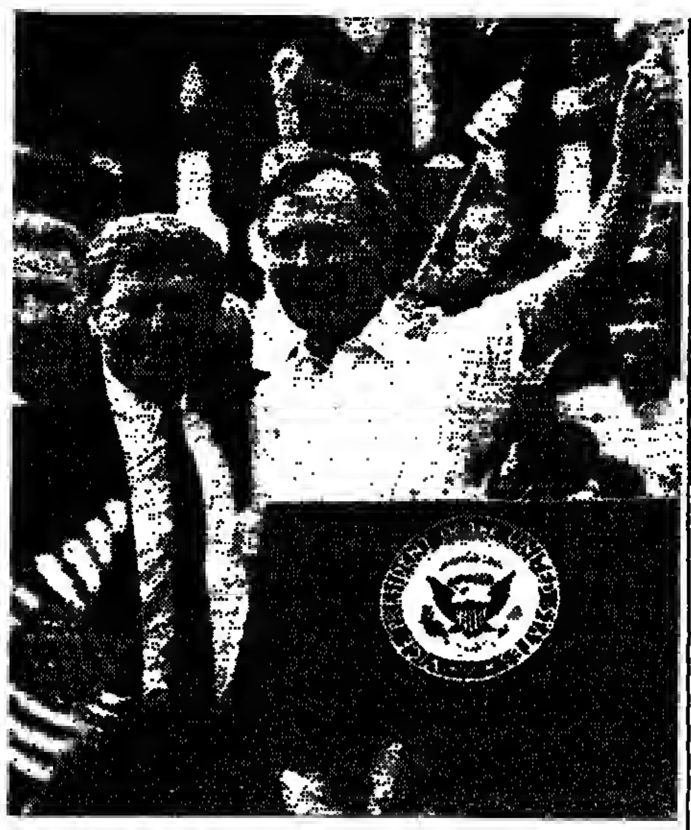
Senator Quayle is married with three children and it was noticeable yesterday that Mr Bush played np the family theme.

His wife, Marilyn, graduated with him from Indiana University Law School and the two briefly formed a law firm, 'Quayle and Quayle, before he moved to Congress in 1976. Four years later he became a senator.

Marilyn Quayle is apparently a close political adviser and a friend of Susan Baker, the wife of Mr Bush's newly designated campaign chairman, Mr James Baker, the outgoing US Treasury Secretary.

In choosing Mr Quayle, Mr Bush has put personal compatibility and loyalty before experience and a proven record. He has shunned Senator Robert Dole of Kansas and Congressman Jack Kemp of New York, both of whom challenged him in the primaries.

He may be the best alternative in the Mid-West to Mr Dole, said a Republican operative. He may also be a more attractive veraion of Jack Kemp, a wooden speaker at the best of times. But he may suffer from the very weakness that has plagued Mr Bush so far in the presidential campaign: a lack of stature.



Running mates: George Bush welcomes Dan Quayle

US stages nuclear test with Soviet Union

Tbe US set off a large underground nuclear explosion in the Nevada desert yesterday in the first joint test with the Soviet Union, Reuter reports.

The unprecedented nnclear experiment in a 2,200-foot deep shaft was the first of two the superpowers have agreed to conduct jointly this year.

The aim of the tests is to find mutually agreeable technology that will accurately monitor compliance with two 1970s test limitation treaties. The second of the joint experiments is set for September 14 at the Soviet Semipalatinsk test range.

US and Soviet scientists, some of whom had been working side by side since April preparing for tbe test, crowded into a small control room 30 miles from tbe blast site in the Nevada desert.

"Times are changing and we are in a situation where we are dealing witb things at eacb other's test sites," Igor Palenykh, head of the Soviet delegation to the Nuclear Testing Talks in Geneva, said shortly before the explosion.

Tbe two countries are exchanging data collected from tbe two underground explosions and will use the information in negotiations on future tests. Both also see the experiments as an important step towards ratification of the 1974 Threshold Test Ban Treaty and tbe 1976 Peaceful Nuclear Explosions Treaty.

Altbough botb signed the treaties, which limit the yield of underground tests to 150 kilotons, they have not been ratified.

Josepb Salgado, acting deputy secretary of tbe US Energy Department, said tbe on-site monitoring by both superpowers this summer represented important progress towards verifying compliance with the two treaties.

Venezuela reserves fall sharply

By Joe Mann in Caracas

VENEZUELA'S hard currency reserves have fallen by 14.5 per cent since the end of last year to \$8.21m at the end of July, according to figures published by the press.

Large outlays this year for imports and for servicing a \$25bn pnblic sector foreign debt, combined with lower International oil prices, Venezuela's main source of income, have caused concern over the balance of payments, and prompted demands from political and business groups for a freeze on interest payments to international banks.

Due to a sharp decline in oil export revennes Venezuela could face a 1988 balance of payments deficit of abont \$2bn-\$3bn, according to some estimates.

The central bank's international reserves are equivalent to approximately one year of imports.

The Government last year sent a four-man team to discuss the balance of payments problem with international bankers and officials in the US. Results of the team's trip have been inconclusive, despite some optimistic statements to the press.

Talks are continuing this week in the US, and the team is expected to meet later with bankers in Europe and Japan.

The Government of President Jaime Lusinchi has said repeatedly that it will honour its international debt commitments.

However, a new sense of concern has developed among officials in Caracas in recent weeks, and political pressure is growing for the Government to take some dramatic step related to the debt.

Split emerges among Republicans

Peter Riddell on the tension between moderates and fundamentalists

Deep tensions have emerged this year within the Republican Party despite this week's triumphant nomination of Vice-President George Bush.

Nowhere was this better illustrated on Tuesday evening than in the snccessive speeches to the convention of Governor Tom Kean of New Jersey and the Rev Pat Robertson, the television evangelist.

Gov Kean is the advocate of "the politics of inclusion", the attempt to win the support of ethnic minorities and blue collar voters by a concentration on joh creation. By contrast the Rev Robertson is a champion of the born-again fundamental Christians with their social agenda of a constitutional ban on abortion, prayer in schools and tuition tax credits for private education.

The two approaches have clashed throughout this year's nominating process. The Rev Robertson may have flopped in the spring primaries, winning less than a half the vote of Christian fundamentalists. But his supporters have gained control of the Republican local parties in five states, with a major say in six others. The conflicts in Michigan and Georgia have been bitter with law suits and charges of fanaticism.

Mainstream Repnblicans have been embarrassed by the zeal and moral certainty of the Robertson camp, fearing it will put off Catholics, Jews and ethnic minorities which the party needs for success. It is in part a social and class struggle between traditional business and community leader Republicans and the blne collar, less socially established newcomers.

In his speech on Tuesday Mr Robertson proclaimed the "G-word", as the message "In God we trust" was flashed on the big screen on the conven*tion hall. He talked of building* "the greatness of America through moral strength", and did not go beyond the social agenda of his primary campaign.

Mr Robertson also showed why he has alarmed many mainstream Republicans with an attack on the Democrats over Aids, describing them as "the protector of the disease carriers". Talking dismissively of the Democrat family, he also referred to Senator Barbara Mikulski of Maryland as its mother, even though she is a declared gay.

Gov Kean, the keynote speaker to the convention, avoided the social issnes. Indeed, in his new book, The Politics of Inclusion, he says much of the party's political energy has been devoted to "narrow issues that divide the electorate: ahortion, school prayer, the equal rights amendment, gay rights, the death penalty". While acknowledging the importance of these issues, he stressed that they did not decide elections "because they divide us when we need to be united".

Instead, on Tuesday, Gov Kean emphasised industrial revival in, for example, New Jersey through the creation of urban enterprise zones providing tax rednctions in previously depressed and riot-affected inner city areas. This approach, also including educational reform, has earned Gov Kean the label of the Republican Michael Dukakis – and he has been praised for his record by a neighbouring Democrat, Governor Mario Cuomo of New York.

Pat Robertson: moral zeal embarrasses moderates

The Kean political message was clear: "Every time when we take an unemployed person and give him a job, we take a Democrat and turn him into a Republican." In 1985 Gov Kean won nearly 60 per cent of the state's black vote and two-thirds of blue collar support.

Now aged 53, he is not surprisingly seen as a potential presidential nominee. His *Tuesday speech, with* predictable swipes at the Democrats, will have done him no harm. Several posters proclaiming "Kean in 96" were waved, along with some critical ones, attacking him over abortion.

The Rev Robertson, aged 58, may not himself have such a future but he may still have a say in the party. His local organisation and ability to raise money are proven and he has establisbed a political action committee to back conservative candidates. His influence will depend in part on whether he can deliver Christian fundamentalists to the Bush-Quayle ticket, as he earlier failed to do for himself in the primaries.

The tension between these two differing strands will continue to affect the structure and appeal of the Republicans whatever happens on November 8.

Kansas City caught in KKK cable controversy

Janet Bush reports on a bitter broadcasting row

MR J ALLEN Moran, formerly Exalted Cyclops of the Missouri Knights of the Ku Klux Klan but recently promoted to Grand Giant, keeps his answering machine switched on around the clock. He receives an average of five death threats a day.

Mr Dick Kurtenbach, director of the Kansas City, Missouri, branch of the American Civil Liberties Union, has also received threats to his life.

The Reverend Emmanuel Cleaver, pastor of the St James Paseo United Methodist Church and the city's deputy mayor, has received death and bomb threats. Some time ago, a Molotov cocktail was thrown though his letter box, and in 1980 a cross was hurned on his front lawn.

These men are three of the main protagonists in a debate which has wrenched the conscience of prosperous white *inhabitants and terrified the* much poorer black community of this mid-western city founded on the riches of the area's wheat fields

The controversy began when Mr Moran and Mr Dennis *Mahon, brought in by the* Klan's national organisation in Alabama to recruit in the Kansas City area, walked into American Cablevision's offices and asked the station to air a programme called "Race and Reason." This is a series put together by Mr Tom Metzger, leader of the California-based White Aryan Resistance, which has already been shown on more than 20 cable system across the country.

American Cablevision refused on the grounds that it was not a locally made programme. The Missouri Knights then offered to make a weekly programme themselves to be called Klansas City Kable.

The Klan advertised its intentions in the local press and, as Ms Carol Rothwell, hoad of public affairs at American Cablevision put it, "all hell broke loose."

The station received many complaints from customers who opposed giving a platform to the Klan and threatened to withdraw their subscriptions.

American Cableviaion wanted badly to keep the Klan off the air, not only for commercial reasons. About 30 per cent of its employees are black or represent other minority racial groups and the company was worried about their safety.

The station was also concerned about the inflammatory potential of Klansmen, dressed in white military berets, army fatigues and reflecting sunglasses, walking into their studios in a predominantly black area of the city.

The Missouri Knights offered to bring their own armed security guards with them, which alarmed American Cablevision even more. "Our studios are in a black, inner city area. There is a housing project close by with 2,500 black residents. Can you imagine real live, tough KKK men walking through that neighbourhood. The children were terrified," says Ms Rothwell.

J Allen Moran, "Grand Giant" of the Ku Klux Klan (left), with a group member sporting white hood and robes

The central tenet of the Klan's beliefs is that the different races should live separately. According to Mr Moran, the KKK still believes in violence as a last resort and Klan members regularly meet for military style training sessions as well as for "cross lighting" ceremonies in the countryside.

Seated at his modest home in Platte City, about 20 miles north of Kansas City, Mr Moran drank Coca-Cola and chatted amiably about his views, dressed in a white beret embroidered with the Klan insignia and carrying a semi-automatic pistol.

He was flanked by a 20-year-old member of the KKK youth corps, dressed in the more traditional white robe and hood with eye holes. Ha did not speak but nodded intensely as his mentor spoke.

Mr Moran says he does not hate blacks. Nevertheless, he believes that they are "pre-Adamic." Adam, he believes, was the founder of the white race bnt blacks were created before Adam. Jews, he believes, were "post-Adamic," the result of a union between Eve and Satan.

"Perhaps the black race and other races aren't made in God's image – God is white to us. Perhaps it could be said that a black is slightly less than a man. Yes, God created blacks – he created dogs and cats as well."

This is the kind of view which so alarmed American Cablevision subscribers. Ms Rothwell believes that it was predominantly whites who called in to complain. The station went to the city council for advice.

After months of emotional debate and a great deal of political lobbying, the council voted to do away with public access television, over which American Cablevision had no editorial control. It has been replaced by community programming over which the station has the last word editorially.

The fight against the Klan in the city council was spearheaded by three men: the Jewish mayor Mr Richard Berkley, Reverend Cleaver, a charismatic black church and civil rights leader tipped to be his successor, and council member Mr John Sharp, who is white.

That alliance of Jewish, black and white bespeaks a harmony between the races in Kansas City which Reverend Cleaver believes is illusory.

While many average white people were very aupportive, Reverend Cleaver feels that he did not get any support from white civic or religious leaders. "That was and remains the most painful part of halting the Klan – that we did it without the support of the recognised white leadership of this community," he said.

Mr Kurtenbach, whose distaste for the beliefs of the Klan is as strongly felt as his belief in freedom of speech, says Kansas City has severe racial problems and is saturated with racist attitudes.

The decision to disband the city's public access channel is unprecedented and is expected to result in a crucial test case which will determine how widely disseminated the views of the Klan and other white supremacist groups will be. The main thrust of the KKK's national recruitment drive is now on cable networks.

The Missouri Knights recently applied to run programmes on the new community programming channel. "The Klan, like the cockroach, has a persistence which is ineffable," comments Cleaver.

This request will be turned down on August 16, the deadline imposed by the American Civil Liberties Union, which is defending the Klan's right to freedom of speech under the First Amendment of the Constitution. Then, the ACLU will file suits, probably against both the council and American Cablevision.

Both sides are confident of winning. The city council believes that this is not a First Amendment issue. Councilman Sharp said: "The First Amendment does not provide the right to free, unedited TV time every week."

Mr Moran is as confident about winning a slot on television as he is about the eventual success of the Klan's campaign to set up an all-white, *autonomous state in the* north-western US.

Caribbean regional appeal court urged

By Canute James in Kingston

THE English-speaking Caribbean countries plan to take the law into their own hands. The 13 countries which make up the Caribbean Economic Community are studying setting up a Caribbean Court of Appeal to replace the British Privy Council as the region's highest court.

The move has less to do with nationalistic desires for a totally indigenous final appellate court, than it has with the cost of travel to Britain for appeals before the Privy Council. In proposals advocating the creation of the regional court of appeal, the community's attorneys general said "the high cost of appeals to the Privy Council was a factor inhibiting access to that body."

They noted a progressive decline in the use of the Privy Council and that it would soon be limited to Gambia, Gibraltar, Hong Kong and Mauritius. The attorneys general said also that there were "signals from the United Kingdom that the Privy Council would eventually not be accessible to the remaining Commonwealtb countries that made use of it."

A decision on the Caribbean court will be taken next July at the community's annual summit, to be held in Grenada.

Jamaica agrees \$114m credit deal with IMF

By Canute James in Kingston

JAMAICA has reached an agreement with the International Monetary Fund allowing it access to a \$114m stand-by credit package over the next 14 months.

An earlier agreement between the government and the fund expired in May when Jamaica concluded drawdowns from a \$150m package. The new pact will provide balance of payments support.

Mr Edward Seaga, the prime minister and finance minister, said the conditions agreed with the IMF included a reduction of the deficit in the cnrrent account of the balance of payments to 3.1 per cent of GDP by the end of the fiscal year, against 4.5 per cent in the past year. According to the Bank of Jamaica the current account deficit last year was \$122.1m, following \$33.5m in 1986.

Mr Seaga said the measures were aimed at ensuring continued economic growth.

OVERSEAS NEWS

Singapore Government calls early election

By Roger Matthews in Singapore

THE SINGAPORE Government announced last night that it was dissolving parliament and would hold a general election on September 3, some 16 months before its mandate expires.

Politics in Singapore has been dominated since full independence in 1965 by the People's Action Party and Mr Lee Kusn Yew, its Secretary-General, who has been the country's only prime minister. At the last election in December 1984, the PAP won 77 of the 79 parliamentary seats.

The PAP is again certain to form the next government. The main interest will centre on whether it can recover the 12 per cent of the popular vote it lost at the last election. A further erosion of support would come as a damaging blow both to Mr Lee and to the next generation of PAP leaders who have been hand-picked by him.

The Prime Minister is preparing to hand over the premiership to Mr Goh Chok Tong, the first deputy prime minister, and is then expected to become Singapore's first slected, non-executive president.

The unexpectsdly strong showing by the fragmeuted opposition parties in 1984, which reduced the PAP share of the popular vote from 75.5 per cent to 62.9 per cent, was described at the time as a political watershed for Singapore.

It was widely interpreted as reflecting popular discontent with the intrusive style of Mr Lee's Government rather than particular enthusiasm for the altsrnatives on offer. In the past 12 months its crackdown on alleged political subversives has caused even some of its own supporters to accuse it of creating a mood of intimidation.

Lack of vision flawed the Zia years

By Robert Graham

GENERAL MOHAMMED Zia ul-Haq, who was killed yesterday aged 64 in an airplane crash, ruled Pakistan first as Chief Martial Law Administrator and then as President for 11 years, a quarter of the country's life as an independent nation.

Almost throughout this period he exercised dictatorial powers, yet he behaved always more as a survivor than a man with a clear vision of his country's future. He survived two coup attempts, rode out the international opprobrium provoked by his decision to hang Mr Zulfiqar Ali Bhutto, the former Prime Minister, kept the opposition at bay with promises of elections and used Pakistan's strategic position to play off the super-powers.

His death removes the last of the sub-continent's leading figures whose formative years were under British India. He leaves behind a country suspicious of his attempts to exploit the Islamic nature of society, rebellious over repressed democratic freedoms and burdened by over 3.5m Afghan refugees, many of whom may not wish to return.

Gen Zia seized power in 1977 in Pakistan's third military coup since independence, putting an abrupt and brutal end to Mr Bhutto's populist government. He inherited a country beset by political violence and still trying to come to terms with the deep wounds caused by the loss of East Pakistan. Perhaps his single most important achievement was to mould a new sense of identity that put behind tha country tha trauma of defeat in war by India.

However, he did little to remove Pakistan from a war footing. He gave priority to Pakistan developing nuclear weapons, being deliberately ambiguous over whether the ultimate use would be solely defensive. Pakistan today devotes over 70 per cent of its budget to defence and debt service.

Born on August 12,1924, Gen Zia was the son of a clerk who worked for the British army in the Punjab. He joined the British Indian Army under a wartime officer training scheme and was later commissioned into an armoured unit. Fellow-officers regarded him as extremely competent and a "good sort". Both in appearance with his clipped moustache and with kiplingesque military talk he appeared the archetypal product of British India.

He was seconded to Jordan as a brigadier and was acting as an advisor in Amman in 1970 when King Hussein sought to crush the Palestine Liberation Organisation.

Mr Bhutto appointed him as chief of staff and it was from this position as the country's most senior officer that he decided to act against his master. His motives in overthrowing Mr Bhutto were genuinely patriotic and he was backed by the bulk of the armed forces along with segments of the business community. Yet once in power he displayed all the symptoms of a man who had seized office with a limited strategy – restore law and order and put the politicians in place.

The hanging of Mr Bhutto removed a key rival; but this was to haunt the general and provide a continual rallying point for the opposition headed by Mr Bhutto's daughter.

Gen Zia might hava remained more internationally isolated after Mr Bhutto's death in 1979 but for the Soviet invasion of Afghanistan. This not only distracted attention from the lack of political freedom in Pakistan but also enabled him to prove his value as an ally to the US, which in turn ensured continued financial backing.

He was never at ease dealing with politicians and his promise of free elections made in 1977 did not materialise until 1985. The 1985 elections were held on a non-party basis but the experiment soon ran into difficulties. Gen Zia regarded himself as the man in charge, the premier merely his lieutenant. After bitter differences, Mr Mohammed Khan Junejo, the hand-picked Prime Minister, was dismissed. Ever since then Gen Zia was running out of political options to justify his continued authoritarian rule.

US envoy with a love of Pakistan

By Simon Henderson

ARNOLD RAPHEL, the US ambassador to Pakistan, who was also killed in yesterday's mid-air explosion, was one of the State Department's best and brightest. He had long experience with Pakistan. As a first secretary in the US Embassy in Islamabad in 1977, he had known Gen Zia even before he had taken over from Zulfiqar Ali Bhutto.

Mr Raphel loved Pakistan, despite its faults, and, when appointed ambassador last year felt that he had accomplished one of his ambitions.

In the 10 years before, he had served in a variety of top positions in Washington. As principal aide to Mr Cyrus Vance, the Secretary of State, and later to Mr Ed Muskie, he played a crucial role in helping to sort out the Iran hostage crisis. He went on to be principal Deputy Assistant Secretary of State in the State Department's political-military bureau, then in the Near East Bureau.

Hayden confirmed as Governor-General

By Chris Sherwell in Sydney

Bill Hayden (above): republican sentiments and Bob Hawke (below): sop to guilt?

A CABINET reshuffle snd by-election are in store for Australia's Labor Party government following yesterday's confirmation that Mr Bill Hayden, Foreign Minister, will become the country's next Governor-General.

An announcement from Buckingham Palace said Mr Hayden would take up his appointment on February 16 next year, one day after Sir Ninian Stephen, the present Governor-General, leaves the post.

Mr Hayden returned from an overseas trip on Tuesday and yesterday resigned his ministerial position, his parliamentary seat and his membership of the Labor Party. The movs hsd been expected for some weeks.

Senator Gareth Evans, currently Minister of Transport and Communications, is widely expected to become the new Foreign Minister. He has long been the Government's spokesman on foreign affairs in the upper house.

Mr Ralph Willis, Industrial Relations Minister, is being tipped for Sen Evans' job. But this and other moves remain the subject of factional manoeuvring within the parliamentary party.

With no announcement likely before the end of the month, Mr Hayden's ministerial role is to be taken over temporarily by Mr Michael Duffy, Minister for Trade Negotiations. his number two.

Mr John Howard, the opposition Liberal Party leader, has meanwhile stood by his recently-expressed criticism of the Hayden appointment.

Mr Howard has previously pointed to Mr Hayden's publicly expressed republican sentiments. He has also suggested the appointment aimed to relieve Prime Minister Bob Hawke of guilt over his deposition of Mr Hayden as Labor leader in 1983, immediately before winning power.

Mr Hayden was leader of the party in opposition for six years, and member of parliament for Oxley, near Brisbane, for 27 years. A by-election is scheduled for early October.

Riots led to 3,000 deaths in Rangoon alone

By Richard Gourlay in Bangkok

AT LEAST 3,000 people were killed in Rangoon alone last week in the five days of riots that led to President Sein Lwin's resignation, hospital workers told Rangoon-based diplomats yesterday.

Officials at Rangoon's General Hospital said that thousands more had been injured, greatly raising earlisr estimates of the amount of force the Burmese Government has used, the diplomats said.

The estimates do not include deaths in the 26 other towns and cities where the army also fired into mainly unarmed crowds, including women and Buddhist monks, all of whom were calling for democracy and the end to one-party rule.

The widespread outrage over the killings is likely to spark new street protests unless an extraordinary party meeting on Friday elects a new leader who is not considered a puppet of Gen Ne Win, Burma's ruler for 26 years, diplomats said.

In July the autocratic former general finally stepped aside for Sein Lwin. But his appointment, as much as the desire for democracy, cuts in rice prices and calls for an end to one-party government, fuelled the intense anti-government riots last month.

As the lengths to which the Burma Socialist Programme Party has gone to retain power becomes clearer, middle-class Burmese have started to add formal opposition to what was previously mainly silent support for the student-led protesters.

Earlier this week more than 170 lawyers wrote an open letter to ths party denouncing the violence used by the army against the protesters.

The letter from the Rangoon Bar Council, a professional government body, claimed the army shot and killed nurses on duty, people in their homes or coffee shops, and pedestrians in the streets.

It is an unprecedented show of formal opposition from a section of the Burmese establishment which Gen Ne Win rigidly controlled like everything else in his socialist state.

Opposition has also emerged from the daughter of Aung San, a man considered ths father of modern Burma, whose name Gen Ne Win has used in the past to invoke support.

Aung San Sun Kyi has written a letter to the influential Council of State denouncing the violence and suggesting a consultative committee of influential and well-known people be set up to lead a transitional government.

The letter appeared to call for the release of political prisoners and an end to the cycle of protest and killings, diplomats said. Both letters refute the Government's repeated claims over radio that the riots last week were caused by hooligans who were only interested in looting and had no political agenda.

ANC apologises for casualties

By Victor Mallet in Lusaka

THE AFRICAN National Congress, in a snrprise announcement which amounted to an apology, yesterday expressed its regret about South African civilian casualties in a recent wave of guerrilla bombings. While welcoming the general upsurge of guerrilla activity, the ANC's ruling body, the National Executive Committee, also confessed that ANC insurgents had attacked civilians.

Summing up a lengthy meeting held last month, the 35-member NEC expressed concern at the recent spate of attacks on civilians. "Some of these attacks have been carried out by cadres of the people's army, *Umkhonto we Sizwe* (Spear of the Nation)," the statement admitted.

Mandela illness puts Botha in a quandary

By Anthony Robinson in Johannesburg

THE SUDDEN worsening of the health of Mr Nelson Mandela, the jailed African National Congress leader, faces the National Party Government led by President P.W. Botha with a political dilemma on ths eve of the party's regional congress which opens in Durban today.

Mr Mandela, who has been in prison since 1962, is reportedly suffering from tuberculosis although this has not been officially confirmed. A doctor who treated him at Tygerberg Hospital said yesterday that reports that Mr Mandela had been coughing up blood were "rubbish".

Mr Mandela was taken from Pollsmoor Prison to the hospital last Friday and a tube inserted in one of his lungs to drain some three litres of fluid from the inflamed organ. On Monday the hospital issued a statement saying that this pleural drain had besn removed. It added that the lung had expanded fully and that Mr Mandela was "up and about".

If it does release Mr Mandela, the Government faces the worst of both worlds. It risks a white backlash for releasing a "terrorist", without gaining much thanks from blacks if his release is not followed by negotiations but by the kind of house arrest imposed on Mr Govan Mbeki, the 77-year-old ANC veteran released last year.

N Korea offers meeting with Southern MPs

NORTH KOREA said yesterday it would meet South Korean lawmakers later this week to plan a possible joint session of the two countries' parliaments to discuss the upcoming Olympics and a non-aggression agreement, AP reports from Tokyo.

Yang Hyong Sop, chairman of the Standing Committee of North Korea's Suprems People's Assembly, told the chairman of South Korea's National Assembly that the North would send five delegates to the truce village of Panmunjom tomorrow, the North's official Korean Central News Agency said.

The meeting is being called to discuss a North Korean proposal for a joint session of the two parliaments to draft a non-aggression pact and discuss the North's demand that it co-host the Olympics, scheduled to begin in the South Korean capital next month.

Lebanese MPs likely to delay election

By Jim Muir in Nicosia

PERHAPS only in Lebanon could such chaos and uncertainty prevail in the immediate run-up to a presidential election.

The announcement that the presidential vote, conducted by the country's ageing parliament, is to be held today triggered a frenzied round of consultations. As the hours ticked away, no clear candidate emerged as a consensus figure.

Failing a last-minute agreement, it was expected that the parliamentary session would be boycotted by many Christian deputies, denying it the required quorum of 53. The vote would then have to be rescheduled in time for the successful candidate to be inaugurated on September 23 when President Amin Gemayel's six-year term expires.

The fears of Christian East Beirut had been aroused by the announcement on Tuesday from the Syrian-backed former President, Mr Suleiman Franjieh, that he was putting himself forward on a platform of "salvation and reform".

The Lebanese Forces, the powerful Christian militia, had already made it clear that it would mobilise "all its political and security apparatus" to foil any effort by Mr Franjieh to regain office.

Christians enjoy a slight majority over the Moslems – 41 to 35 – among the survivors of what must be one of the world's longest-standing parliaments. It was elected in 1972. Since the civil war broke out in 1975, it has been impossible to hold a general election, so the chamber has simply voted itself repeated extensions.

To win in today's vote, a candidate would have to gain an outright majority of 40 in a second poll. Given the theoretical possibility that Mr Franjieh might secure virtually all the Moslem votes, the East Beirut Christians were thought likely to foil a quorum by staying away, rather than risk seeing him pick np the handful of Christian votes he would need to succeed.

Franjieh: faces boycott

Syria's troops control ths east and north of the country and the Moslem sectors of Beirut. But Damascus has been estranged from the Christian East Beirut leadership since early 1986, when President Gemayel joined the Lebanese Forces in foiling a Syrian-sponsored settlement accord.

One figure rumoured to have discreet support from both the US and Syria is the army commander, Gen Michel Aoun. His men in the loyalist faction of the army are armed and trained by the Americans, and he is also on reasonable terms with Damascus. But his candidacy – which has not even been declared – is fiercely opposed by the main political and militia forces in Christian East Beirut.

It appears that a successful candidate would have to be a neutral figure, acceptable to all and a challenge to none. Among names most often mentioned is that of Michel Khouri, a former Governor of the Banque du Liban and a relatively non-controversial figure in the maelstrom of Lebanese politics.

WORLD TRADE NEWS

Paris joins in protests over US Trade Bill

By Ian Davidson in Paris

THE FRENCH Government yesterday added its protests to those voiced previously by the European Commission and the Japanese Government at the protectionist slant of the US Trade Bill passed by the US Senate at the beginning of this month.

In a communique issned after the first cabinet meeting of the post-holiday season, the Government expressed its "anxiety in the face of the general hardening of the American trade legislation", and said it questioned whether some of the provisions of the bill adopted by the US Senate on August 4 were consistent with the rules of the Geneva-based General Agreement on Tariffs and Trade.

Mr Clande Evin, the Government spokesman, said after the cabinet meeting that the US Trade Bill was "particularly insupportable and unacceptable".

The Government communique specifically accused the US Government of abandoning its commitment to ths multilateral trade liberalisation negotiations in the so-called Uruguay Round of Gatt. The communique expressed "regret that one of the world's main trading powers should infringe, by a text inspired by protectionism, the stand-still commitments adopted at the launch of the Uruguay Round".

In the light of the protectionist slant of the US Trade Bill, the French government said it "doubted the commitment of the US to bring the Uruguay Round to a successful conclusion", and added it would support appropriate action by the European Community, where necessary, in support of its commercial interests.

The French protest echoes a statement issued by the European Commission in Brussels immediately after the Senate vote, which warned that the new US Trade Bill intensified the dangers of a trade war.

The Commission said that it would raise the new US legislation with Gatt if the Community found thet the provisions of the Trade Bill endangered its interests.

Mr Evin yesterday said the French government's reponse to the US Trade Bill "would not be limited to a verbal condemnation".

Hyundai ships arrested

By Michael Marray in Hong Kong

THE Hong Kong group controlled by Sir Y.K. Pao, World-Wide Shipping, has placed under arrest three vessels being built by Hyundai Heavy Industries, stepping up the pressure in its dispute with the South Korean shipyard.

World-Wide resorted to legal action against Hyundai after it sought to renegotiate the contracts for three oil tankers ordered by World-Wide at bargain prices during the slump year of 1986.

Hyundai cited industrial action by its workforce as necessitating the total price tag for the three ships to be incrsased to \$195m from \$120m.

China fails to deliver the wool

Larry Luxner writes on the collapse of a Sino-American venture

A SINO-AMERICAN textile venture that sought to capture one-quarter of the world's cashmere sweater market has collapsed, mainly because the People's Republic of China failed to supply the cashmere yarns on time.

As a result, MTEX Puerto Rico Inc, now faces foreclosure on a \$4.1m loan from the island's Government Development Bank (GDB), despite efforts by the US Government to save the delicate deal.

Currently, 50 workers in the Puerto Rican town of Rio Grande are without jobs while the owners of MTEX - the Washington-based Transworld Group, the Japanese fashion designer Hanae Mori Inc, and the Peking Wool Knitting Industry - attempt to iron out their differences.

A US official in Peking said "both sides are making efforts to see if they can work out some kind of accommodation" and get the two sides talking again.

Mr C. William Verity, US Secretary of Commerce, has already written letters to his Chinese counterparts urging that the joint venture be allowed to proceed.

Meanwhile, Mr Richard Millman, chairman of Transworld and organiser of the MTEX venture, said he has reached a tentative agreement with the British colony of Montserrat to buy between 5,000 and 10,000 lbsof that Caribbean island's prized Sea Island cotton, and process it into high-quality apparel for New York fashion outlets.

"We are testing the knitting quality of Sea Island right now," Mr Millman said. "We have been offered a first-time supply, and if it knits well, and all indications are that it will, we'll be in a position to send to MTEX clients garments knitted of Sea Island cotton."

If successful, said Mr Millman, the Montserrat deal could convince the GDB not to foreclose, because "it would show the GDB we're not standing still."

As originally anvisioned, a factory outside Peking, employing 400 people, would produce multi-coloured yarns from cashmere sheared from Himalayan mountain goats. The yarns would then be flown, via Tokyo, to a second factory in Puerto Rico, where eventually as many as 350 workers would assemble the yarn into sweaters - using \$5m worth of computerised Japanese and West German knitting machines.

Finally, the sweaters would be exported to the US under the highly-prized Hanae Mori label. The deal would have taken advantage of Puerto Rico's status as a US possession and given Hanae Mori duty-free access to the US market, while producing millions of dollars of hard currency for China.

But the arrangement soured last spring, when the Chinese failed to ship the yarns or have the Peking factory ready on time.

Mr Millman accused Peking of reneging on its contractual agreements and claimed the Chinese want to see the Puerto Rico project go to waste.

The Chinese partners, in turn, blame management problems, though Yu Xiaosong of the Peking Commission on Foreign Economic Relations and Trade has agreed to make one last attempt to save the project.

Separately, the office of Mr George Bush, the US Vice-President, has written to the GDB in Puerto Rico, warning that "foreclosure at this point would terminate an opportunity that may well be viable".

Drug producers likely to benefit from government efforts to cut spending

By Peter Marsh

PRODUCERS of generic copies of branded drugs are likely to benefit from increasing efforts by governments to limit public spending on pharmaceuticals, according to a report* from the World Health Organisation.

The report says that governments, which in many countries are easily the biggest customers for drugs, are attempting to cut their pharmaceutical bills through a variety of measures such as direct control of prices of new products and efforts to share costs with consumers.

Another technique is to encourage more doctors to prescribe generic drugs, which are chemically identical to branded formulations that have come off patent and which are usually significantly cheaper than the branded medication.

The two types of product often, though by no means always, operate in a similar way in the human body. As a result the generic version may be preferred on the grounds of price.

Moves towards prescribing generic formulations rather than the branded drug are often, however, resisted by the big research-based pharmaceuticals companies which sre responsible for most branded drugs. These companies believe too much of a swing towards generic prescribing could eat into their sales.

The generic drug market has been growing particularly strongly in the US, which accounts for about a third of world pharmaceutical sales, now running at about \$100bn a year.

**The World Drug Situation, World Health Organisation, CH-1211 Geneva 27, Switzerland. SwFr20.*

Consultation deal for Gulf

By John Wicks in Zurich

SRI International, the former Stanford Research Institute, has signed an agreement with the Knwait-based National Consulting Bureau in respect of projects "within and relating to" member-countries of the Gulf Co-operation Council.

The two organisations will work jointly to provide technical, strategic and economic consulting services to private companies and associations and to government agencies.

Based in Menlo Park, California, SRI International has a Zurich office for European and Middle Eastern business. This will co-ordinate SRI's participation in the Gulf projects.

Australia trip for Young

By Joel Kibazo

LORD YOUNG, Secretary of State for Trade and Industry, is leaving London today for a "Fly the flag" tour of Australia and Naw Zealand.

Ths 10-day official visit, which begins on August 29, follows the visit to Australia by Mrs Margaret Thatcher, the British Prime Minister.

Speaking in London before leaving for Australia, Lord Young stressed the importance of the UK's trade links with that country, saying: "Already in the first six months of this year UK exports have gone up over 13 per cent and imports from Australia are up 12 per cent."

In the case of trade between Britain and New Zealand, Lord Young said the UK is New Zealand's fourth largest supplier.

But he acknowledged that British trade in the region had declined significantly: "I hope they now accept we are part of Europe, as we accept their sphere is the Pacific."

Bulgaria in UK bank deal

By Stephen Fidler, Euromarkets Correspondent

MORGAN GRENFELL, the UK merchant bank, has signed an agreement with the Bulgarian Foreign Trade Bank to encourage joint ventures.

Morgan, which completed a \$15m commercial trade financing deal for the country in late June, had a similar agreement with the Soviet Union put together last year.

The Bulgarian government recently passed new legislation aimed at encouraging Western investment and the establishment of independent self-financing entities which would be motivated by profit rather than by production.

The government is particularly eager to establish joint ventures in bio-technology, including areas such as cheese and yoghurt production.

This innovative agreement sets up a banking forum to ease access and problem-solving for Western and Bulgarian companies in the sphere of joint investment.

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Unions call for talks as Boeing sizes up Shorts

Trade union leaders in Northern Ireland will seek a meeting with Tom King, Northern Ireland secretary, after learning that Boeing, US aerospace company, is investigating the possibility of taking over Short Brothers, the Belfast aircraft and missiles company.

The Government has authorised Shorts to organise its own privatisation and there is speculation that senior management at the Belfast company is interested in a deal with a large international partner.

Boeing has confirmed it is *carrying out a feasibility study* for senior executives into acquiring Shorts, but a company spokesman in Seattle said a complete takeover was unlikely.

Investing in efficiency

British Steel Corporation said an £8.7m investment programme to improve efficiency of steel-making at its Teesside works in north-east England would begin this month. The corporation said the investment was expected to lead to a savings in operating costs of £2m a year.

NatWest card rates rise

National Westminster, commercial bank, is the latest bank to increase interest rates on its credit cards. NatWest Access card rates will rise from 1.75 per cent to 1.9 per cent per month from August 26, equivalent to an annual rate of 25.3 per cent.

Chelsea club lease sold

Crest Nicholson, building and property development group, has bought the lease on Stamford Bridge, West London bome of Chelsea Football Club. The lease carries planning consent for the development of 220 houses and flats, and an office building on the site, but Crest said yesterday it would produce a revised plan.

Labour attacks award

An extra £150m will be needed, in addition to the allocated £803m, if the Government is to carry out its pledge to fund the nurses' recent pay award in full, Robin Cook, opposition Social Services Secretary, said.

Ziegfeld show to close

Ziegfeld, the most expensive stage musical ever performed in London's West End with a £3.2m budget, will close in October after an ill-fated five-month run.

Bank switches HQ

The Bank of Wales will move from its cramped quarters in the centre of Cardiff to the nearby New Baltic House next year.

Tikoo may face rival bids for Harland & Wolff

By Steven Butler in London and **Our Belfast Correspondent**

HARLAND and Wolff, the state-owned Belfast shiphuilder which is up for sale, is making a further 550 of its 3,800 workers redundant.

The job losses reflect a dwindling order book and were announced yesterday as new potential buyers for the yard emerged.

The news came 48 hours after Harland and Wolff announced that it had concluded a two-year productivity *deal that will provide it with* some of the most flexible working arrangements in Europe.

Tbs Northern Iraland Department of Economic Development said yesterday that it had received a number of fresh proposals to buy the yard.

It added that it was unlikely to be able to reach a decision by late September as had been expected on an earlier offer by Mr Ravi Tikoo, the Indian-born shipowner.

Mr Tikoo wants to buy the yard for a nominal sum and, with a £70m government subsidy, would use it to build the Ultimate Dream, a luxury cruise ship.

One of the alternate proposals to buy the yard is being drawn up by Seaway's Engineering, a company formed a year ago by two engineers who have come up with a novel design for semi-submersible rigs.

They believe that these rigs could be built profitably at the Belfast yard.

Mr Barry Ryan, Seaways' managing director, said that a large market had been identified for the rigs, which could be built for a fraction of the cost of current designs, and that this could provide many years of work for in Belfast.

Mr Tikoo's proposal, by contrast, is for a one-off job.

Research for the new design has been backed hy Texas Eastern, the US oil company active in the North Sea, and models of the rig are currently being tested at the University of Glasgow.

Savings would be achieved because the rigs would be built by assembling cellular steel cubes designed specifically for construction at the yard.

Mr Ryan said that a rig capable of carrying 10,000 tonnes could be built for less than £8m, or roughly one tenth the current construction cost per tonne of payload for other designs.

Construction time could eventually be brought down to between six and eight months he said.

Seaway's short track record and a lack of firm financial backing, however, are thought to put it at a disadvantage in the deal, and there is some scepticism among engineers about claims made for the design.

Mr Ryan said that two merchant banks, which he declined to name, were interested in backing the scheme.

Harland's said yesterday that trade union representatives had been told earlier this year that redundancies would be required.

Workers affected will be given 90 days notice and the lay-offs will take place over the next seven months.

The lay-offs will take place across the entire spectrum of shipbuilding disciplines and will reduce the workforce to 3,250.

A new order is desperately needed as the "Swops" vessel for British Petroleum is nearing completion.

The yard's only other major order is a Ministry of Defence contract for an auxiliary oiler replenishment ship.

Mr Jack Nicholl, regional officer of the Manufacturing, Science and Finance Union said trade unions at the yard were aware that redundancies were imminent.

Nr Nicholl said: "We will obviously be seeking a meeting with management with a view to keeping hardship to employees affected to a minimum.

"The announcement has got nothing to do with the flexibility deal bnt obvionsly the workforce has shrunk so much in recent years, it will be more difficult to implement voluntary redundancies."

Mr Nicholl said much work on the MoD contract was being contracted out of the company and he hoped the new flexible deal would enable more work to be carried out at Harland and Wolff.

Protagonists in the battle (left to right): John Prescott, Eric Heffer and Roy Hattersley

Hattersley camp scents victory

By Tom Lynch

LEADERS of the campaign to re-elect the current Labour leadership yesterday announced the support of a majority of Labour MPs and predicted a comfortable victory for Mr Roy Hattersley over Mr John Prescott in the deputy leadership election.

The Prescott camp was insistent, howaver, that Mr Eric Heffer, another contender in the battle for deputy leadership, stood a good chance of getting enough votes to deny Mr Hattersley a first ballot victory in the party's electoral college. Tha college meets in Blackpool, north-west England, on October 2, the eve of the Labour conference.

Mr Rohin Cook, campaign manager for Mr Neil Kinnock, Labour Party leader, said 119 of the party's 229 MPs now backed Mr Hattersley. He predicted Mr Hattersley would win 19 of the 30 per cent of electoral college votes allotted to MPs.

Tbe destination of the unions' 40 per cent of the college vote remains unclear as the TGWU transport union is unlikely to declare its support before its delegation reaches Blackpool. Nnpe, the public services union, is halloting with a recommendation for Mr Prescott.

Mr Cook said almost half the votes were wielded by unions which had already declared for Mr Hattersley or were conducting ballots with a pro-Hattersley recommendation.

He said the constituencies whicb were balloting their members were likely to vote for the "dream ticket" of Mr Hattersley and Mr Kinnock, but this was disputed by Prescott aides who pointed to ballot victories in local parties.

They predicted their candidate would get 13 to 14 of the constituencies' 30 per cent of the college, with Mr Hattersley trailing behind Mr Heffer.

The Prescott camp said it expected to arrive in Blackpool with second place, bnt also in a position to win enough of Mr Heffer's second preference votes to overtake Mr Hattersley.

Mr Cook yesterday presented copies of a leaflet to be sent to unions and constituencies, a move seen by Prescott followers as a sign the Kinnock-Hattersley camp was less confident than it appeared.

Jobs programme for inner-city school leavers accelerated

By David Thomas, Education Correspondent

THE GOVERNMENT bas doubled the size of a programme which guarantees jobs to inner city school-leavers in return for improved performance at school because of overwhelming interest in the scheme throughout the country.

Although there is little experience in the UK of the scheme, known as compacts, it is already being viewed in Whitehall as one of the Government's most promising initiatives to improve school-business understanding and to re-generate the inner cities.

Under the scheme, employers give priority in recruitment to pupils who reach agreed standards of achievement and commitment at school.

Compacts were pioneered in the US. They were introduced in Britain last year in the East End of London and firm plans for two more have already been announced for London, including one yesterday in the south east of the capital.

There is some evidence that the East London compact has already helped to cut truancy, encourage children to prolong their education and improve school-business understanding through work experience programmes.

In Marcb, Mr Norman Fowler, Employment Secretary, announced pump-priming finance for a new round of compacts to start in 1989. The plan was to give prospective compacts up to £50,000 in development money and then to settle on 15 new compacts, which would get up to £100,000 a *year for four years.*

However, interest has been so intense that Mr Fowler announced yesterday development funding for 30 compacts, 26 in England and four in Scotland. The Employment Department is confident most will start next year after the further development phase.

The Government is not expanding its original compact budget of £12m over four years despite the larger programme. It is saving on marketing costs and not every compact will receive the maximum grant available.

The areas receiving development funding are widely spread and include London, Birmingham, Glasgow, Manchester, Liverpool, Sheffield and Bristol. Compacts are supported hy both Labour and Conservative-controlled local authorities, unlike some other Government inner city schools initiatives which hsve proved fiercely controversial.

No compact was announced in Wales, contrary to the original plan. Mr Peter Walker, Welsh Secretary, is considering whether the idea can he adapted to his initiative to revive the Welsh valleys.

Most of the compact proposals submitted from outside London are being co-ordinated by umbrella employer organisstions, such as chambers of commerce. In London, one employer has tended to take the lead.

Citicorp announced yesterday it was seconding an executive to co-ordinate the new south east London compact due to start next year, the first time the US bank has taken such an initiative in the UK. Sainsbury's also disclosed yesterday it was seconding a manager to run a new compact in Islington.

The London compacts tend to guarantee 300-500 jobs each. However, some compacts outside London may be considerably smaller.

TV watchdog warns breakfast station to improve standards

By John Gapper, Labour Staff

THE Independent Broadcasting Authority yesterday warned TV-am, the independent breakfast-time station, to improve technical standards and some of its output following the dismissal of 234 station technicians earlier this year.

The IBA asked TV-am to prodncs detailed plans for improvements in three areas: its weekend news bulletins, its children's programmes and aspects of its programming and technical presentation.

The IBA's ultimate sanction against TV-am would be to remove its franchise to broadcast, and the ACTT film and television technicians' union is seeking a judicial review of the IBA's decision not to do so.

Assurances were given yesterday to the IBA by Mr Bruce Gyngell, TV-am managing director, that the company was taking steps to return to a normal service. It is to report back to the IBA again, probably within a month.

The IBA's delegation at the meeting in London was led by Lord Thomson, its chairman. During discussions, Mr Gyngell, and his deputy, Mr Adrian Moore, were questioned over the technical standards of some of TV-am's output.

The company has recruited a core replacement workforce of about 55 non-union technicians since it dismissed its ACTT employees for refusing to agree changes in working practices. It is also using freelance film crews.

However, it acknowledges tbat technical standards remain lower than before the dispute, and is putting some effort into training its new technicians. TV-am does not believe it needs to recruit many more staff.

TV-am said after the meeting that there had been a "constructive" discussion, and it was glad it had been given the chance to prepare a detailed statement on plans for improving output.

The IBA has been consistently critical of the standard of TV-am's output, and in its annual report this year said the company was not meeting the requirements of its franchise. The ACTT argues the franchise should have been removed.

The union is also pursuing a claim of unfair dismissal for more than 200 of the sacked technicians. It is awaiting the judgment of a London industrial tribunal on whether a full hearing should be held.

Analysts accused over insider approaches

By Clive Wolman

SOLICITORS acting for Mr Russell Kean, the market-maker dismissed hy County NatWest WoodMac for insider dealing last week, claimed yesterday that two in-house analysts approached him specifically to give him the information which led to his dealing.

He said through his solicitors Gold Mann and Co that one analyst approached him in person and one over the telephone to inform him of a forthcoming announcement from Grand Metropolitan about the sale of its Inter-Continental Hotels chain.

What appears to have happened is that one researcher, Ms Julie Feaver, was informed of the deal by Mr Scott Dobbie, a CNW managing director, who was the contact point for GrandMet. She approached the desk next to Mr Kean to speak about it to another research analyst who was covering as a salesman over the lunchtime break.

When they realised that Mr Kean may bave overheard the conversation, they turned to him. He had misunderstood its content, so Ms Feaver explained the details of the deal, adding that it was privileged information and he could not use *it* to deal. CNW, through Mr Kean, was vulnerable to a GrandMet price rise as it had agreed to sell 1m shares it did not yet own.

Five minutes later another CNW analyst in Edinburgh, who had been informed over the telephone abont the deal, telephoned the CNW London offices. His call was diverted to a researcher's telephone next to Mr Kean's desk and was answered hy Mr Kean. The analyst repeated the details to Mr Kean, baving been informed that Mr Kean had been made an insider and could not deal.

Mr Kean and Mr Stephen Floyd, who has also been dismissed, then bought about £2m worth of GrandMet shares from four market-makers.

Law report, Page 26

Sports cars ahead in market growth

By John Griffiths

FOUR-WHEEL-DRIVE cars and sports/utility vehicles have become ths fastest-growing sector of the UK new car market, according to figures from market analysts AID (Automotive Industry Data).

Their sales in this year's first half, at 27,138 units, were up 21.2 per cent since last year. AID predicts that even allowing for a slight slowing of the growth rate in the second half, *as higher interest rates bite,* sales for the full year will be 18.8 per centhigher than in 1967, at 57,000 units.

However, the study by AID* is based on figures for the first half of this year – before the eruption of a controversy over allegations by the Consumers' Association that a sports four-wheel-drive (4wd) range made by Suzuki, the SJ410 and SJ413, was unsafe.

The Suzuki modsls have become ths most popular imported vehicles of their type in the UK, outselling their nearest imported rivals by nearly two-to-one.

The Association claims, however, that tests showed they were too prone to rolling over. Similar charges were made a few months earlier by a US consumers' association.

The claims have been hotly denied by Suzuki's UK importer, part of Mr Gerald Ronson's Heron Corporation.

The Department of Transport is to carry out its own tests on the vehicles next month.

In the first six months of this year, AID's figures show, Suzuki sales jumped by 37.5 per cent to reach 3,094 units, compared with 2,250 in ths same period of last year – a growth rate boosted by the start-up of production in Spain as well as in Japan.

Since tha middle of last year, it has allowed the vehicles to *escape* the *full constraints* of the Anglo-Japanese "gentlemen's agreement" limiting Japanese imports to 11 per cent of the UK market.

Since the start of July, however, Suzuki SJ sales have dropped, *albeit* marginally.

In July, a traditionally poor month for vehicle sales, they fell to 50 compared with 56 in the same month last year. So far in August, easily the biggest sales month of the year, thsy have dropped to 1,342, compared with 1,354 in the comparable 1987 period.

Mr John Norman, Suzuki GB's managing director, said yesterday it was too early to draw any hard conclusions about the impact of the rollover controversy on sales because there was a significant pent-up demand for the Spanish-sourced vehicles when they arrived on the market.

**AID newsletter, Automotive Industry Data, 34 St John St, Lichfield, Staffs, England WS13 6PB. £240 p.a. for 24 issues.*

Express Foods to expand cheese works in N Ireland

By Our Belfast Correspondent

EXPRESS Fooda Group (International), part of Grand Metropolitan, *is creating* 137 jobs in a £5.8m expansion of its cheese manufacturing operations in Northern Ireland.

The expansion, backed by the Industrial Development Board for Northern Ireland, will take place at Dairy Produce Packers, Coleraine, and at Express Dairies, Magheralin.

A £3.5m investment at Dairy Produce Packers, which makes a range of traditional and processed cheeses, will create 125 jobs.

This will *bring total employ*ment to more than 470 over the next four years.

The company is ths UK's main supplier of cheese slices to well-known fast food outlets such as McDonald's, Wimpey and Burger King.

New newspaper gambles in the marketplace

Ian Hamilton Fazey looks at the business calculations of executives planning a September launch for a Manchester-based newspaper.

WHEN THE North West Times is launched on September 20, it will be the first new paid-for regional morning nswspaper in Britain since 1873.

It will go on sale in the north of England in Manchester, Merseyside, Cumbria, Lancashire, Cheshire, Derbyshire, Staffordshire and along the borders of North Wales with a mere £2.1m of venture capital funding – £1.2m of it committed so far, the rest underwritten.

As with all venture capital projects, it will be a gamble. The new paper will be seeking a market niche which its management believes is there. History, evolution and revolution give some pointers on whether they are right or wrong.

"Of course there is a market," says Mr Robert Waterhouse, the editor. With his fellow shareholder directors – Mr Roger Bowes, former head of Express Newspapers, and Mr Peter Coulton, who formerly ran the Daily Telegraph's advertisement sales in Manchester – Mr Waterhouse believes that the market place has come *full circle* after more than a century of change.

The other regional mornings – such as the Yorkshire Post, Northern Echo, Newcastle Journal, Birmingham Post, Eastern Daily Press and the Liverpool Daily Post – were founded after the repeal of the Stamp Act in 1855. The market expanded with the wider *spread of literacy after 1870,* resulting in cheaper regional evening newspapers. Popular national newspapers came later with the improving railways, which guaranteed fast distribution.

Manchester's regional morning was The Guardian, but it converted to a national in 1959. Mr Waterhouse says this was the *beginning of the gap in the* market into which the North West Times will launch itself.

It could not be exploited before because Manchester has until recently acted as a second home for national newspapers. Northern editions were published from busy newsrooms with a fair measure of autonomy. There was no more room for a regional morning there than in London.

Now, howaver, northern printing is done on satellite presses; they receive the pages by facsimile transmission from London where most editorial decisions are taken. In the last two years there have been widespread redundancies in Manchester. Small staffs only are needed to feed northern copy direct to London computers.

The loss of market sensitivity that may be resulting from this has been a major argu*ment in selling the North West* Times in venture capital markets. Against it has been the speed with which the northern-based News on Sunday plummeted to oblivion last year – one syndicate to launch the North West Times last autumn collapsed when two potential backers got cold feet because of it.

Most of a newspapers costs are in producing the first copy, with the marginal cost of the rest of the print run comparatively low. Once revenue covers the fixed costs, the rest is mainly profit. But if the fixed costs are not covered, liquidity drains away dramatically.

Is £2.1m of capital – enough to launcb the North West Times? Mr *Bowes says* new technology – in tbis case direct inputting by journalists – has transformed the situation. Most of the investment is in 50 journalists, 35 commer*cial staff and the computerised* systems they will use.

The newspaper will be printed by Central Lancashire Printers, the United Newspapers subsidiary at Wigan. Journalists will input directly into a compnter in the office in Trafford – a conple of miles from Manchester city centre – and pages will be made np on screen by sub-editors.

These will go to the printer in electronic form via a parabolic dish aerial and transmission system supplied by Mercury. Costs, therefore, will be largely confined to "direct" workers, many of them senior journalists redundant from the rundown Manchester offices of the nationals.

Because of the low cost base, Mr Bowes says that the newspaper can survive with a circulation in the low 40,000s. Its cover price will be 25p for a broadsheet of not less than 16 pages, a maximum of 25 per cent of which will be advertising. Costs will also be pared by having only one edition.

With nearly 7m people in its marketplace, the newspaper expects to do better than *merely survive.*

The Liverpool Daily Post, founded in 1855, sells between 70,000 and 75,000 copies a day, two-thirds of them in North Wales, where geography and demographics make it the clear market leader. It costs only 22p.

It lost money for much of the past two decades, when it was subsidised by its evening stablemate, the Liverpool Echo, but new technology has transformed its cost base. Mr David Snedden, chief executivs of Trinity International Holdings, its owner, recently revealed that the Daily Post was in profit.

The extra resources are going into highly targeted editionalising. Mr Snedden says that sales in the affluent suburbs and leafy lanes of Wirral and Cheshire – both North West Times target areas – are growing.

Diesel smugglers foiled

By Kieran Cooke in Dublin

IRISH Customs officers have uncovered what is being described as the biggest and most sophisticated smuggling operation yet found on the border between Northern Ireland and the Irish Republic.

The operation involved red diesel, smuggled from Northern Ireland, where it was bought for 50 pence a gallon and subsequently converted to white diesel.

The white diesel was then sold to several garages in the republic for about £1.55.

Forecasting survey points to slower economic growth

By Ralph Atkins, Economics Staff

BRITISH ECONOMIC growth will slow to an annual rate of about 2 per cent next year, according to the latest Treasury comparison of forecasts in the City of London.

UK gross domestic product is predicted to rise by 3.4 per cent this year and 2.1 per cent in 1989. Inflation is expected to be running at an annual rate of 5.4 per cent in the last three months of this year and at 4.1 per cent by a year later.

The survey covers forecasts by nine City groups dated between May and August. It includes leading securities houses and banks.

The results show Britain's current account deficit rising from £8.8bn this year to £9.8bn in 1989. But there is a wide variation – forecasts for this year vary *between* £5bn and £11bn.

The survey suggests that consumer expenditure will continue to grow strongly, rising by 5.2 per cent this year and 3.4 per cent in 1989. Spending on fixed investment is forecast to grow by 8.6 per cent this year and by 3.5 per cent in 1989.

The Treasury also compiles a survey of 11 independent forecasting groups such as the Confederation of British Industry and universities as well as City groups. It includes forecasts dated between March and August.

This also shows economic growth slowing to about 2 per cent next year, *but is less pes*simistic about Britain's trade position. The current account deficit is expected to total £7.3bn this year and £7.9bn in 1989.

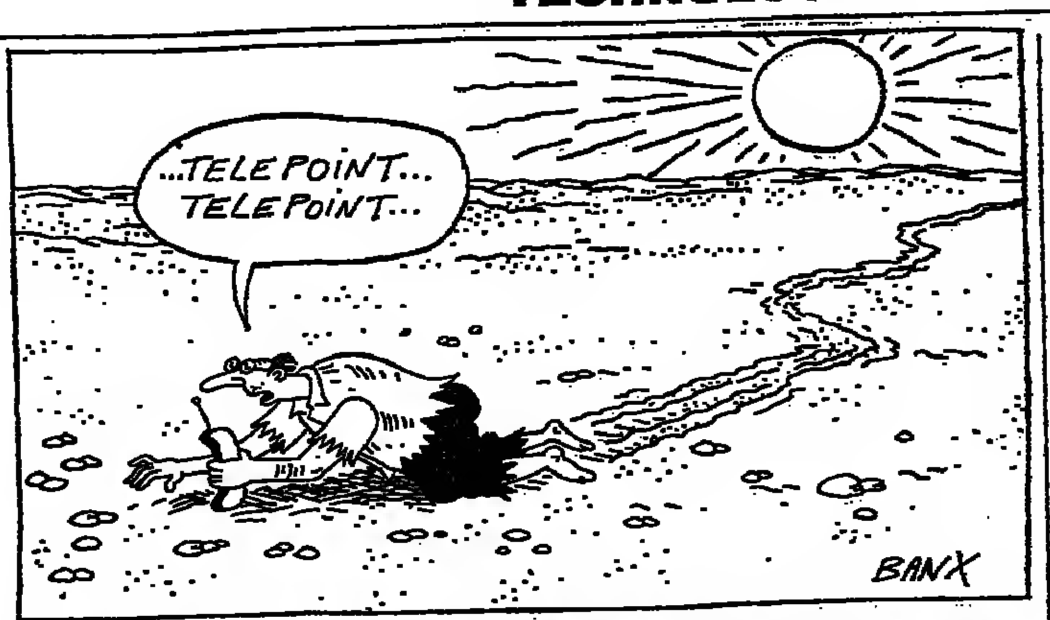
Inflation is expected to average 4.8 per cent in the last three months of this year and then moderate to 4.6 per cent by ths same period a year later.

Forecasts for the UK economy, August 1988, Committee section, H. M. Treasury, Parliament Street, London SW1P 3AG. £50 a year.

TECHNOLOGY

The portable phone puts in a call to a wider market

Della Bradshaw reports on a UK decision to bring in a common standard for the next generation of mobile telephone services



Five UK telecommunications manufacturing companies have agreed this week to bury the hatchet and adopt a common standard for the next generation of mobile telephone services – called telepoint.

The decision means business telephone users can look forward to carrying a telephone around in their pockets.

Although the manufacturers have known for some time that a common standard would be best for themselves as well as the consumer, there have been months of wrangling and delicata negotiation over the details. Hanging over the manufacturers' heads has been an ultimatum from the Department of Trade and Industry (DTI) that if they could not agree a standard then one would be imposed.

Each company was hoping to steal a march on its competitors by being the first to produce a workable telepoint system. They have been developing their individual systems for the past three years and between them have invested about £10m.

Telepoint is a cross between a public callbox and a cordless domestic telephone where the handset is linked to the base by radio. Customers will buy the handset to use with both the standard base unit in their offices and with similar base stations in public places, such as railway stations and motorway services; so telepoint extends the uses of a cordless phone. The bill for the call is sent to the customer's business or home address.

Because of developments in the technology, telepoint can be used in office blocks and will be aimed particularly at business customers. The phone will cost about £250 to buy and be considerably cheaper to use than today's cellular radio services. However, cellular radio hand-held and car phones will still have an advantage in their scope for receiving calls. Although the telepoint handset can receive incoming calls through the office base unit, it cannot do so through public base stations.

The standards debate culminated in a straight fight between proposals from two of the five manufacturers, STC, with British Telecom's International Products Division, and GPT, the GEC and Plessey joint venture. Plessey is also a shareholder in another of the manufacturers, Orhitel, along with Racal, Shaye Communications, an offshoot of Sinclair Research, and Ferranti Creditphone are the other two.

A standard based on the BT/STC design has prevailed.

Differing interpretations of the standard arose because of the way it was drafted. When the specification was first under discussion in 1984 it was for a domestic or business cordless phone, not for telepoint. The idea of the new cordless phone, CT2, was that it would be an updated version of the existing variety (CT1), incorporating digital technology.

Because of this, the Department of Trade and Industry (DTI) left vague the definition of the air interface specification (the radio signalling used between the handset and the base), so that manufacturers could interpret it in different ways – one producing a cheap simple phone, another a "Rolls-Royce" version with a plethora of features. The DTI believed the development of the CT2 phones would happen first and telepoint would follow.

However, Ferranti quickly realised the potential for using such phones in public places and also believed that, because of the £250 price tag, it would not take over from the current generation of £100 cordless phones unless it had an extra selling point.

Manufacturers and government began to realise at the end of last year that the air interface specification needed to be standardised for all manufacturers if consumers were to be able to use any CT2 handset with any public base station. The standard will be presented to the DTI next week for final approval.

Although a common air interface specification has been agreed, the standardisation process for telepoint continues. The manufacturers' committee has decided to standardise one of the key components of the system, the codec, which translates ordinary speech into a digital signal. Until the meeting earlier this week, it was feared by some manufacturers that each company would decide unilaterally which codec to use.

If that had happened, each base station would have had to incorporate a different codec for every brand of CT2 on the markat, so pushing up the price of manufacture. Operators could also decide to exclnde certain manufacturers' equipment hy not incorporating the codec in their base stations. Tha decision now means that all the CT2 phones will work with all the public base stations.

The main advantage to manufacturers of a common standard is that it will be easier to promote the service internationally. That will give UK manufacturers several years' lead in the export market.

In making market forecasts for telepoint, both manufacturers and analysts are pointing to the UK cellular radio experience, which has shown enormous growth. Both Ferranti and Morgan Grenfell Securities, which published a recent circular on telepoint, say 3m telepoint snhscribers by the early 1990s in the UK alone is a reasonahle estimate.

Several European telecoms authorities are now looking at the British experience before deciding their strategy. Ferranti, for example, has already signed licence agreements with two French mannfacturers, Thomson Radio and Secré (part of Jeumont Schneider), for its telepoint equipment to be made in France. Companies in Spain and Italy have also taken out options to manufacture under licence, and Ferranti has received orders for trial equipment from Finland and Switzerland. Further afield, would-be operators in Hong Kong, Australia, New Zealand and South Africa, as well as some of the American Bell Operating Companies, have shown an interest.

Although a UK standard has been agreed it could take up to two years before a service angineered to that specification is in operation. To get a telepoint service working as soon as possible, the DTI is likely to allow companies to launch services to proprietary interim standards, with a clause in the licence stipulating a deadline for incorporating the newly agreed one. Those services could begin early next year.

So far three companies have said they will apply for licences to operate telepoint systems. They are BT's Mobile Communications division (BTMC), Mercury Communications and Ferranti Creditphone. BTMC will call its service Phonepoint and Ferranti has dubbed its proposed service Phone Zone. The Racal Telecommunication Group has also admitted it is considering whether to apply for a licence. Lord Young announced in July that he would licence between two and four telepoint operators.

Barry Moxley, who is leading BTMC's drive for a telepoint operator's licence, says BTMC is most likely to begin operations incorporating Shaye equipment into the BTMC base stations. "We're furthest down the road in talks with Shaye." Mercury is still in discussion with several manufacturers about what equipment to use if it is given a licence and Ferranti will use its own.

Although the telepoint concept has generated the most interest, the CT2 office phone has certain advantages for use in the workplace:

- There is a lack of interference from other cordless telephones because of the number of radio channels and the way they are allocated. The present CT1 telephones are programmed to operate on one of only eight channels. So, if two phones allocated to the same channel are used in close proximity, "crossed lines" occur. With the CT2 telephones, 40 channels are available and they are dynamically allocated. That means every time a call is made the phone searches through the 40 channels until it finds a free one. For that reason CT2 telephones could easily be used in office blocks.
- Telephone calls on CT2 phones are translated into digital signals for transmission, which makes the message less vulnerable to noise on the line.

WORTH WATCHING

Edited by Geoffrey Charlish

X-rays set a pattern for chips

THE IBM Yorktown Heights laboratory in New York reports it has developed a method of generating and directing X-rays to produce the extreme microscopic patterns on silicon needed for the chips of the future.

If chips storing more than 10 to 20 megabits of data are to be manufactured, the most likely method will be by shining X-rays through patterning masks on to the chip, rather than by using light as at present. The reason is that, if the patterning holes in the mask are very small, light tends to diffuse the edges and produce indistinct patterns on the silicon. The effect, called diffraction, is minimised if the wavelength of the radiation is smaller, as with X-rays.

IBM is achieving half-micron spacings of elements on the chip. A micron is a millionth of a metre, about one hundredth of the width of a human hair. The company says this opens the way to memory chips holding more than 64 megabits of information.

IBM is using a synchrotron to make the necessary X-rays. The synchrotron is a nuclear science tool used to accelerate electrons to high velocities. When the electrons strike a target, X-rays are emitted from its surface. IBM is utilising these in a specially designed unit clamped to the big synchrotron at Brookhaven National Laboratory in New York.

Future work is expected to use a more compact but powerful synchrotron under development at Oxford Instruments in the UK.

IBM believes it is the first to devise experimental production plant that will deal with the multiple exposures of X-rays needed to build up the layers on a chip's surface.

Automatic clue to fingerprints

IN THE UK, De La Rue has teamed up with two computing companies, Digitus and Niche Technology, to bid for the Home Office contract to supply a pilot automated fingerprint recognition system.

The system, for installation at New Scotland Yard and for Hertfordshire Police, will be able to scan a new fingerprint and then rapidly seek any identical prints on file, gathered from scenes of crime or elsewhere.

De La Rue Printrak, of Basingstoke, has already installed its Orion fingerprint identification system at 65 sites throughout the world, involving the storage of 500m prints. In Europe, there are users in Denmark, Norway and Switzerland, while in Canada, the Royal Canadian Mounted Police has achieved a 200-fold increase in identifications by using the system.

The UK pilot scheme, based on Unix multi-user software, is expected to come into action in 1992. Crosfield Electronics, a De La Rue company, will provide graphics monitors and the local area networking. Niche Technology will look after the high speed parallel processing while Digitus will write much of the complex software.

Phone speech for computers

LOGICA, the UK computing systems house, is to lead a European research project aimed at allowing telephone users to address computers and other remote systems over the telephone and receive information in plain language.

The project is called Sundial (speech understanding and dialogue) and was approved at the end of July by the European Commission for the second phase of the Esprit programme, a European high technology co-operative scheme focusing on information technology.

Logica will co-ordinate the work of 12 partners from the UK, France, West Germany and Italy. The five-year project, involving 170 man-years of work, will be Europe's largest collaborative venture in speech technology.

The systems developed are planned to have a vocabulary of 2,000 words, which is greater than existing systems. Logica has achieved a leading position in this area and in 1981 made one of the earliest announcements of a speech recognition system (called Logos), based on work carried out at the UK Government's Joint Speech Research Unit.

Faster system for plant design

THE DESIGN of electrical plant, from equipment cubicles to complex circuits, can benefit from a computer-aided design (CAD) system called Powerhouse, from AutoCIM of Leamington Spa in the UK.

Powerhouse is based on Autocad software, which has the major market share for personal computer CAD packages. It is claimed that the system enables designers to produce project drawings four to six times faster than by hand.

AutoCIM is offering a workstation with processor, 15-inch colour screen and training for £7,500.

Travel agent comes to you

IN JAPAN, lap-top computers feature in a plan to bring the booking of airline seats, cars and hotels into the traveller's home or hotel room.

At the moment, travel agents have desk-top machines at the agency premises, to which the customer must go. Under the new system, the lap-tops, carried like a brief case, will be taken to the customer by the agent. He will visit office or home, plug the computer into a telephone socket and operate as if he were in his office.

The idea is the brain-child of US-based United Airlines, which will use Toshiba lap-top personal computers as an element of its computerised reservation system in Japan.

The system is part of the world-wide Apollo network developed by United and now working at 9,300 travel agencies in 42 countries.

CONTACTS: IBM: UK office, 0705 664941. De La Rue Printrak: UK, 0256 29122. Logica: London, 637 9111. AutoCIM: UK, 0926 882245. Toshiba: Tokyo, 457 2104.

INTERNATIONAL APPOINTMENTS

Time announces some top management changes

TIME INC., the large US magazine and book publishing and cable television group which has been through a successful restructuring and cost-cutting exercise since 1985, announced some senior appointments.

With revenues suffering from an advertising slump in 1985, the company, under the direction of Mr J. Richard Munro, 57, chief executive since 1980 and also chairman for the past two years, began staff trimming and the restructuring. This has refocused the group on its core businesses and given a strong shot in the arm for profits.

Now elected to the board of directors and named vice chairman is Mr Gerald M. Levin, an executive vice president and chief strategist for this media and entertainment group. Mr Glenn A. Britt has been elevated to chief financial officer from vice president, finance, while Mr Tommy J. Harris, Time Inc. controller, has been made a vice president.

In a memorandum to the staff, Mr Munro and Mr N.J. Nicholas Jr, Time Inc. president, said: "In giving Jerry the new title of vice chairman, the board acknowledges the important role he has played over the past two years in advising us in a wide variety of ways. His active participation and wise counsel in every major corporate decision during that period have been of incalculable value to Time."

Mr Levin, 49, has held the position of executive vice president since 1984. In addition to his responsibility for examining alternative strategies for the group, he is in charge of financial, legal, public and government affairs, and human resources. He and Mr Britt, 39, have both been with the company since 1972. Mr Harris, 41, joined in 1983.

● AT Scott Foresman, acquired by Time Inc. in late-1986 and one of the largest publishers of textbooks in the US, Mr George Artandi, 47, has been named chairman, Mr Richard E. Peterson, also 47, president, and Mr Herbert O. Nichols, 55, executive vice president.

The appointments were announced by Mr Kelso F. Sutton, chief executive of Time Inc.'s Books Gronp and an executive vice president of Time Inc., and who had also been chairman of Scott Foresman.

Mr Richard T. Morgan, 51, has resigned as president and chief executive of Scott Foresman to pursue other interests. He was praised by Mr Sutton for "building strongly on Scott Foresman's reputation for publishing exemplary educational materials while producing snperior financial results. Under Morgan's leadership, Scott Foresman achieved record revenues and earnings in 1987."

* * *

THE BOARD of directors of the International Swap Dealers Association (ISDA) has approved at a meeting in Frankfurt the appointment of Mr Bradley P. Ziff as its new executive director, stated Mr Mark Brickell, ISDA chairman.

Mr Ziff replaces Ms Sue A. Cimbricz, who has left the Association to begin studies at the Harvard Business School.

ISDA, with executive offices in New York, was founded in 1985 to help set industry standards and practices, to carry on a dialogue with regulators, and to advance international public understanding of the global swap market. Its international membership is composed of 90 banks and brokerage firms engaged in the swap industry worldwide.

Prior to joining ISDA, Mr Ziff directed his own media and governmental affairs consulting firm, with a broad range of clientele in both the public and private sectors.

Included most recently has been work on behalf of the US Presidential campaign of Senator Paul Simon, and direction of a national programme for housing renovation, economic development and job creation for the Department of Labour.

New York Fed Bank names senior executive

DIRECTORS OF the Federal Reserve Bank of New York, the central bank for the US, have appointed Mr James H. Oltman first vice president and chief administrative officer.

He succeeds Mr Thomas M. Timlen, who elected to take early retirement from July 1.

Mr Oltman, 57, was formerly executive vice president and special counsel at the bank. In his new post, he will also serve as an alternate member of the Federal Open Market Committee, the central bank's top monetary policy-making group.

Commenting on the appointment, Mr E. Gerald Corrigan, president of the bank, said: "We are fortunate indeed to have someone of Jim Oltman's calibre and experience to assume the duties of the second ranking officer of the bank. I am confident that the bank and the financial community generally will benefit from Jim's efforts."

A 27-year veteran of the New York Fed, Mr Oltman served as its general counsel from 1979 to 1987, when he was named special counsel.

As the bank's senior legal officer, he was a primary co-ordinator in financial negotiations between various governments and central banks working towards the release of US hostages held by Iran in 1980.

IDB tuned up for global expansion

IDB Communications, Los Angeles-based suppliers of satellite transmission services, has named Mr Philip McInnes vice president, international business development.

From his base in Washington D.C., Mr McInnes will be

Mr Philip McInnes

responsible for the ongoing management and future expansion of IDB's international satellite transmission services. He will report to Mr Jeffrey Sudikoff, president and chief executive of IDB, which is a public company traded on the NASDAQ over-the-counter National Market System.

A veteran international satellite communications expert, Mr McInnes joins IDB from the International Telecommunications Satellite Organisation (INTELSAT), where he was manager and chief engineer, broadcast services. Prior to that, he worked for British Telecommunications International (BTI) as executive engineer, satellite operations.

Mr Sudikoff said: "The international telecommunications industry is undergoing substantial deregulation worldwide, which will open the door for increased competition and opportunities, allowing IDB to gain a stronger foothold in many foreign markets. Towards that end, Phil McInnes will be a wonderful asset to IDB. Phil possesses a wealth of knowledge and experience in international telecommunications."

IDB has reached an agreement with Soviet officials to build an earth station in the Soviet Union and to supply transmission services between the US and the USSR. In addition, IDB is building an earth station at The Teleport in New York, specifically to accommodate services on the new PANAMSAT satellite.

The company recently expanded its international audio transmission services to include a full-time transatlantic digital audio link between the US and the UK, and it supplies International Business Services (IBS) to and from locations worldwide. IDB has also supplied transmission services for television and radio remote broadcasts from locations all over the world.

Accountancy Appointments

Newly Qualified Management Accountancy Appointments

For the first time on September 8th, 1988 the Financial Times proposes to publish a list of the Management Accountants who have been successful in the recent Stage 4 final examinations.

The heading will be "Newly Qualified Management Accountancy Appointments", and is an ideal opportunity to recruit Management Accountants with at least three years business experience.

The advertising rate will be £47.00 per single column centimetre with premium positions available by arrangement at £57.00 per single column centimetre.

For further information please contact:—
Louise Hunter
Appointments Advertisement Manager
on 01-248 8000 Ext: 3588

or your usual Financial Times Representative

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Management Accountant

West End

Attractive salary + car

This client is the oil exploration and production division of a major International group with diverse interests. There is now an immediate requirement for a qualified accountant to join their small but professional team.

The role will encompass budgeting, strategic planning, financial and management accounts. Ultimately the successful candidate will become involved in systems developments including modelling finance for major projects and taxation matters.

Candidates should be qualified accountants, age indicator, 26-30, who feel that they could make an immediate contribution in a demanding environment and who could progress within the organisation. A highly competitive remuneration package will include a fully expensed car.

Interested candidates should send a resumé quoting ref: 225 or telephone:

Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572

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for further information call 01-248 8000

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Candida Raymond ext 3351

Company Secretary

c.£30,000 - £35,000 plus car.

Our client is a hotel-orientated property group based in central London. Specialising in serviced apartments and the development of luxury properties, this company has a portfolio of buildings in Kensington and Chelsea.

They are now seeking an ambitious accountant with a strong commercial streak to co-ordinate their various activities. As well as exercising financial controls, you will become involved in all aspects of the business. Specifically, you will dedicate yourself to building a good relationship with the bank and local authorities, maintaining all statutory controls, forecasting and reporting to the Board on all financial matters, and maintaining ultimate control over the accounts department, recruiting and developing staff as necessary.

Applicants, aged 35-45 should be qualified accountants who can demonstrate exceptional interpersonal skills. You must also be a strategic thinker with a flexible approach. Previous experience in the hotel or leisure industry would be a definite advantage but is not essential. You should, however, have extensive experience of management accounting, including a knowledge of computerised systems. Excellent opportunities exist for sustained career development. This opportunity would particularly suit those candidates who would like to build upon their financial experience and launch their career into more general management.

Please write, with full career and salary details, quoting ref SHA. 1160 to Kelly Iriondo at the address below.

Stoy Hayward Associates
MANAGEMENT CONSULTANTS, EXECUTIVE SELECTION DIVISION, 8 BAKER STREET, LONDON W1M 1DA
A member of Horwath & Horwath International

JOIN LE RETAIL SET

Financial Manager

Age 25 - 30 **c.£22,000 + Car**

Le Set, based in Chelsea, is a revolutionary new retail concept, selling many of the world's most prestigious electrical products to some of the capital's most discerning and affluent consumers.

As an autonomous member of Thorn EMI, we have established a widespread reputation for elegance, sophistication and style. A young qualified "shirt-sleeves" accountant, seeking instant all-round business exposure, is now required to assist us in our expansion. Willing and adaptable, you will be keen to become involved in every aspect of the company's business.

Working closely alongside the Managing Director, you will relish the substantial challenge of commercially supporting this business as it grows. Your role will encompass an exceptionally broad range of responsibilities, including day to day control of all financial aspects, providing management information, systems implementation and development, financial planning and analysis.

Please write, enclosing full CV, quoting Ref: A169, to Ian R. Hetherington at Mervyn Hughes International Ltd., Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Telephone: 01-488 4114.

FINANCE DIRECTOR

INTERNATIONAL CONSTRUCTION

CIRCA £35,000 + EXECUTIVE CAR & BENEFITS - WEST LONDON

Our client is one of the UK's foremost International Construction Companies holding an impressive portfolio of achievements worldwide with an emphasis on high quality and large scale project capability.

As a result of internal promotion within its parent Plc they seek to augment their executive team through the appointment of a Finance Director who will play a comprehensive role in the management and direction of its business as well as assuming the full functional responsibilities expected at this level of appointment. Stimulation and challenge will come from the wide spectrum of the client's modus operandi overseas from ownership of locally managed companies, through joint venture agreements or direct contract awards in the fields of comprehensive project management services, main or management contracting. Particular areas of expertise and input include:-

- ▲ PROJECT FINANCE ON MULTI-MILLION POUNDS PROJECTS
- ▲ TREASURY CURRENCY MANAGEMENT
- ▲ INTERNATIONAL TAXATION
- ▲ CONTRACT NEGOTIATIONS
- ▲ DEFINITION AND IMPLEMENTATION OF COMPUTER SYSTEMS
- ▲ PARTICIPATION IN STRATEGIC MANAGEMENT

Candidates must be chartered ideally ACA and be able to demonstrate success in a similar international project related environment. The appointee will head up an established financial team involved in the provision of budgetary, forecasting information and the production of both statutory and management accounts. Our clients seek therefore first class leadership qualities reinforced with strong analytical skills in determining action plans and developing financial awareness throughout the company. Preference will be given to those who can demonstrate a hands on approach to business and for a goal minded professional who is seeking prospects for career progression within a major Plc.

Please write in strictest confidence, enclosing full career details, to Stephen Hill, FECI, quoting Ref. SDH.565.

Hill McGlynn + ASSOCIATES
8a Carlton Crescent Southampton Hants SO1 2EZ
RECRUITMENT CONSULTANTS
☎ 0703 229977

ASSISTANT to GROUP CONTROLLER

BUCKS **neg. c.£25,000 + CAR**

A major British manufacturing group with annual sales c.£80m seeks a strong but diplomatic young CA/CIMA/ACA in the probable age range 25-32 as a senior member of the finance management team.

The successful candidate will be clear thinking and analytical and should have a proven track record of 1-2 years systems experience including successful implementation as there is initially a 12 month systems task to be done.

Career prospects for someone who shows dedication and loyalty are FIRST CLASS and will be clarified to shortlisted candidates.

PARTNERSHIP ADMINISTRATOR

LEADING LEGAL PRACTICE

AGE 30-40 **c£30,000**

Our Client, a long-established and expanding practice, seeks to appoint a capable and innovative person to the above position. Reporting directly to the Senior Partner, the successful candidate will be responsible for the complete day-to-day administration and accounting functions, together with playing a significant role in the policy making and planning process.

Applicants, who will ideally possess an Accountancy qualification, will be able to demonstrate a successful career path in the fields of Accountancy/Administration/Company Secretarial, and experience from within a professional firm would be a decided advantage. Considerable autonomy will be afforded to appointee, and accent will be placed on both practical and conceptual skills.

Fringe benefits will include a Company Car and Pension Scheme.

To discuss this position in more detail, in confidence, please contact: ROD JORDAN (Managing Director)

RODAN MANAGEMENT LIMITED
14 DEVONSHIRE SQUARE · LONDON EC2 · 01-377 1199
RECRUITMENT CONSULTANTS

Accountant for Tourism

Special Projects

London base **c £25,000 + car**

This is a newly created position in the tourism division of a major international group. The company is a market leader in its specialist field and is especially well placed for further expansion in this fast growing sector.

Reporting to the Director of Finance you will work closely with senior management on a variety of projects concerned with operational efficiency, financial control and the profitable development of the business. Investment appraisal, acquisition studies and systems reviews are some of the areas in which you will be involved. There will be frequent trips overseas, mainly to Africa but also to the Pacific.

Probably still in the profession and in your mid twenties you must be a qualified accountant with strong analytical and communication skills. An outward going personality is essential together with the flexibility and commercial awareness to grow with the organisation. The opportunities for career and salary progression are excellent.

Please write in confidence to John Cameron, quoting reference C933, at 84/86 Grays Inn Road, London WC1X 8AE (Telephone: 01-404 5971).

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Planning and Distribution Accountant

Optimising supply costs through developing logistics

Nottingham

Boots, already at the forefront of distribution technology is making substantial investment in advanced on-line ordering and supply systems linked with EPOS and DPP. As part of our drive towards higher levels of achievement and profitability this new position has been created.

A fully qualified management accountant with drive, commitment and experience of the distribution industry, you will appreciate the significant commercial advantages, particularly for retailing, to be gained from effectively managing the total supply chain.

Working closely with senior management your knowledge of Logistics and integrated supply systems will enable you to evaluate the cost and service implications of new initiatives as well as analyse and report ongoing performance.

For someone with proven ability and ambition future career progression opportunities within the company are excellent.

The attractive salary and benefits package will reflect the seniority of the position and includes staff discount, profit sharing and, where appropriate, assistance with relocation.

Please write enclosing a full c.v. and current salary details, or telephone for a company application form, to: Peter Hampton, Recruitment Officer, The Boots Company PLC, Head Office, Nottingham NG2 3AA. Tel: (0602) 592321

THE BOOTS COMPANY PLC

Financial Controller

Mid/late 20's

C. London **c.£25,000 + car**

This is an exceptional opportunity to acquire responsibility for the finance function in a young dynamic advertising agency which is the founder and still the core activity of a plc group engaged in an aggressive policy of organic growth and acquisition. Opportunities for career development are therefore varied and significant. The initial role involves responsibility to the Finance Director for managing an experienced department of 12 people operating modern systems of accounting and financial control. This is an informal but professional environment where there are real opportunities to contribute commercially rather than just as a "scorekeeper". Qualities of leadership and communication therefore count for more than precise experience although an accepted accounting qualification is seen as essential. Ref: 1667/FT. Write or telephone for an application form or send full details (with a day-time telephone number and current salary) to R.A. Phillips, ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

Financial Accountant

Central London c.£25,000+car

BONSAI LIMITED, is one of the UK's leading microcomputer dealers and distributors, supplying quality PC equipment, peripherals and software.

We are recruiting a Financial Accountant who will be 'number two' in the department, reporting to the Financial Controller. Your overall objective will be to produce management information which is timely, accurate and reflects the requirements of all end-users — both within and outside the department.

You will be a qualified ACA, perhaps seeking your first move from the Profession, and be in your mid/late twenties. You should be able to lead, motivate and communicate with staff at all levels.

Bonsai is enjoying a period of rapid and successful growth, and will continue to do so. In joining an expanding company, the successful candidate can look forward to excellent career prospects.

Please write, with full and detailed CV, to:
Mr. Kieran Best, Recruitment,
Bonsai Ltd.,
112/116 New Oxford Street,
London WC1A 1HJ.

Bonsai

JOHN SWIRE & SONS LIMITED

RECENTLY QUALIFIED ACCOUNTANT

The Head Office in London of this International group is seeking a young qualified accountant, or finalist awaiting results.

The successful applicant will be responsible for the Head Office accounts department, undertake the preparation of statutory accounts, budgets and management accounts for a number of companies and assist with the Group consolidations.

A computerised accounting system has recently been installed and a number of database and financial information projects are in the course of development, in which the successful candidate will participate.

A computerised accounting system has recently been installed and a number of database and financial information project are in the course of development, in which the successful candidate will participate.

A competitive salary plus a car is offered. The Company operates a subsidised mortgage scheme, a bonus scheme and provides excellent pension benefits.

Write in confidence to:
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A rapidly expanding private company operating from London NW4 and specialising in the marketing of electronic publishing equipment requires an experienced Accountant/Company Secretary. Reporting to the Chairman and Board, the appointee will be responsible for the financial control within the company preparing budgets/projections, cash flows, monthly management and year end accounts plus all legal matters. 'Hands on' computer experience is essential for the position. There is a probability of a Board appointment within 2/3 years.

Applicants must be qualified accountants. Age will be no barrier to the appointment (38-50 preferred.)

Please reply with full CV to: Box A0972, Financial Times, 10 Cannon Street, London EC4P 4BY

GROUP ACCOUNTANT

CHARTERED ACCOUNTANT required for expanding Merchant Bank Group. Computer experience essential. Successful applicant will control all aspects of preparation and presentation of accounts and financial reporting. Remuneration based on £20,000 per annum.

Apply in writing to Miss J.A. Bolton, Neville Group Limited, Neville House, 42/46 Hagley Road, Birmingham B16 8PZ

Company Notices

US$ 100,000,000
UNION DE BANQUES ARABES ET FRANCAISES
U.B.A.F.
Subordinated Floating Rate Notes due 1995

In accordance with the description of the Notes, notice is hereby given that for the eighth interest period from August 18, 1988 to February 21, 1989, the Notes will carry an interest rate of 9⅜ % per annum.

The interest payable on the relevant interest payment date, February 21, 1989 against coupon no. 8 will be US$ 480.49 per Note.

THE AGENT BANK
KREDIETBANK, S.A. LUXEMBOURGEOISE

CONTINENTAL (BERMUDA) LIMITED
U.S.$285,000,000
Floating Rate Notes due 2005
Guaranteed by Hungarian Foreign Trade Bank Ltd

Notice is hereby given that for the Interest Period 18th August, 1988 to 18th November, 1988, a period of 92 days. The Rate of Interest will be 8⅝ per cent. per annum. The Interest Payment Date, 18th November, 1988 will be US$55,789.93 for each Note of US$250,000.

Agent Bank
Dean Witter Capital Markets International

Legal Notices

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

No. 004038 OF 1988

IN THE MATTER OF: APPLETREE HOLDINGS PLC
- and -
IN THE MATTER OF: THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 25th July 1988 confirming the reduction of the amount £4,500,000 standing to the credit of the Share Premium Account of the above named Company was registered by the Registrar of Companies on 6th August 1988.

DATED this 15th day of August 1988

Roythorne & Co
10 Pinchbeck Road
SPALDING
Lincolnshire PE11 1PZ

Solicitors for the above named company

No. 003441 of 1988

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR. JUSTICE WARNER

IN THE MATTER OF: INCHCAPE PLC
- and -
IN THE MATTER OF: THE COMPANIES ACT, 1985

NOTICE is hereby given that the order of the High Court of Justice Chancery Division dated the 28th day of July 1988 confirming the cancellation of the share premium account of the above named Company from £56,220,882 to nil was registered by the Registrar of Companies on the 8th day of August 1988.

Dated the 15th day of August 1988

Slaughter and May,
35 Basinghall Street,
London EC2

Solicitors for the said Company

Legal Notices

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re: HARTMAN MATERIAL HANDLING SYSTEMS, INC.
ALLIS-CHALMERS CORPORATION
d/b/a AMERICAN AIR FILTER COMPANY, INC. et al., Debtors.

In Proceedings for a reorganization under chapter 11 case Nos. 87 B 11225 through 87 B 11242 inclusive (BRL)

NOTICE OF HEARING TO CONSIDER APPROVAL OF PURCHASE AGREEMENT WITH SNYDERGENERAL CORPORATION FOR SALE OF AMERICAN AIR FILTER BUSINESS

TO ALL CREDITORS OF ALLIS-CHALMERS CORPORATION, ET AL. AND OTHER PARTIES IN INTEREST HEREIN:

PLEASE TAKE NOTICE that on September 1, 1988, in Courtroom 623 of the United States Customs House, One Bowling Green, New York, New York 10004-1408 at 2:00 o'clock in the afternoon of that day, a hearing will be held (the "Hearing") before the Honourable Burton R. Lifland, United States Bankruptcy Judge, to consider upon the application of Allis-Chalmers Corporation ("A-C"), for and on behalf of itself and the other debtors and debtors in possession herein (the "Debtors"), dated August 9, 1988 (the "Application"), the entry of an order:

(a) Authorizing A-C, pursuant to 11 U.S.C. Sections 363 (b) and (f), to sell (or as the case may be, to cause its direct or indirect subsidiaries to sell the shares and assets and transfer the liabilities (each as defined in the Purchase Agreement dated as of April 11, 1988 between SnyderGeneral Corporation (the "Purchaser") and A-C (as amended, the "Purchase Agreement") free and clear of all pledges, security interests, liens, charges, other encumbrances, claims, options and interests (except as otherwise provided for in the Purchase Agreement (collectively, the "Liens") to either:

(i) the Purchaser pursuant to the terms and conditions of the Purchase Agreement, a copy of which is annexed to the application as Exhibit "A", or

(ii) to any other third party found by the Court to have made a higher and better offer (a "Competitive Bid") than that made by the Purchaser, for the Purchase of the shares and assets and the transfer of the liabilities.

(b) Approving the Purchase Agreement (or any other Purchase Agreement) proposed in connection with a Competitive Bid in its entirety and all of its terms, and authorizing the performance thereof by A-C and its affiliates;

(c) Decreeing and adjudging that, subject to the limitations contemplated by any plan or plans of reorganization confirmed in these proceedings, the Liens, if any, shall attach to the proceeds (together with interest, if any, earned thereon and net of payments therefrom authorized pursuant to such order) of the sale of the Shares and Assets subject to such Liens pursuant to the Purchase Agreement (or a Competitive Bid), to the same extent and having the same validity, perfection, priority and enforceability as such Liens had with respect to such Shares and Assets immediately prior to such Liens sale, such issues regarding the extent, validity, affection, priorities, and enforceability of such Liens with respect to such proceeds to be determined by the Court upon the application of the Debtors or another party in interest, or pursuant to any plan or plans of reorganization confirmed in these proceedings;

(d) Authorizing the Debtors to pay out of the proceeds of the sale of the Shares and the Assets the following fees and expenses: (i) to Lazard Freres & Co. ("Lazard") an amount equal to 1-1/4% of the Consideration (as defined in the engagement letter between Lazard and A-C dated July 1, 1987) received, (ii) all costs and expenses necessary to cure Defaults (as defined in the Application) under all *Assigned Contracts* and *Leases (as defined in* the *Application*) and *all other indebtedness* to be reinstated and assumed by the Purchaser on the Party making the Competitive Bid including those Defaults resulting in pecuniary loss, and to make all payments and cure all defaults in connection with the assumption by the Purchaser or the party making the Competitive Bid of obligations under the IRBs (as defined in the Debtors' Joint Plan of Reorganization, filed with the Court on July 1, 1988, (as may be amended, the "Proposed Plan") and the transactions contemplated thereby, (iii) all transfer taxes, documentary taxes, withholding taxes, assessments or other charges made by any government authority in connection with the sale of the Shares and Assets and transfer of the Liabilities; (iv) amounts necessary to settle intercompany accounts between the Business and the Remaining Businesses (both as defined in the Purchase Agreement); and (v) all other reasonable and necessary costs and expenses incurred in connection with the sale of the Shares and Assets and the transfer of the Liabilities, including the fees of, and expenses incurred by, any professional person or attorney retained by the Debtors, to the extent allowed by order of the Court (all fees, costs and expenses referred to in this paragraph (d) being called, collectively, the "Expenses");

(e) Authorizing the Debtors, to the extent in connection with the transactions contemplated by such order, they repurchase receivables at their option from OAR Corporation ("OAR") for subsequent sale to the Purchaser or are required by the terms of the Amended and Restated Post Petition OAR Purchase and Sale Agreement dated as of August 24, 1987 between OAR Corporation and A-C (the "Restated Post-Petition OAR Purchase and Sale Agreement") to repurchase receivables from OAR, to pay out of the proceeds of the sale of the Assets, at the time of repurchase, the purchase price of such receivables determined in accordance with the Restated Post-Petition OAR Purchase and Sale Agreement, including, at the option of A-C, by use of a portion of the unencumbered proceeds of the sale of the Assets which would otherwise be deposited in the A-C Disposition Account (as defined below) in accordance with paragraph (f) below and requiring OAR to deliver to A-C such documents and instruments necessary to transfer such receivables to A-C;

(f) Authorizing the Debtors, subject to the provisions of any plan or plans of reorganization confirmed in these proceedings, to pay the remaining net proceeds (less amounts payable pursuant to paragraph (e) and Expenses) into a segregated account in the name of A-C and maintained with The Connecticut National Bank (the "A-C Disposition Account"), subject to investment by the Debtors in accordance with orders of the Court;

(g) Providing that, subject to the provisions of any plan or plans of reorganization confirmed in these proceedings, the rights of all parties in interest to such proceeds in the A-C Disposition Account shall be preserved in full, provided that the Debtors shall be entitled, except as provided by further order of the Court or pursuant to any such plan or plans of reorganization, to withdraw funds from the A-C Disposition Account, upon thirty days notice (a "Notice of Withdrawal") to the A-C Trustees, the Private Lenders, the OAR Trustees and the OAR Lenders (all as defined or used in the Application), the official committee of Unsecured Creditors, the Official Committee of Equity Security Holders and the Official Labor and Retiree Creditors Committee, which notice shall state that the Debtors believe, after consultation with counsel retained in these Chapter 11 proceedings, that neither the A-C Trustees, the Private Lenders nor any other party in interest have a perfected Lien in the funds in the A-C Disposition Account to the extent such funds are to be withdrawn; provided that if the A-C Trustees, the Private Lenders, the OAR Trustees or the OAR Lenders shall, during the first fifteen days of the thirty-day period referred to above with respect to any Notice of Withdrawal, commence an action or proceeding in the Court, which action or proceeding seeks to prevent all or a portion of the withdrawal described in such Notice of Withdrawal, and if the person commencing such action or proceeding uses its best efforts to cause such Court to hold a hearing on and enter an order deciding such action or proceeding prior to the end of the thirty-day period, then the Debtors shall refrain from withdrawing such funds from the A-C Distribution Account to the extent such action or proceeding seeks to prevent the withdrawal thereof unless and until (and, then, only to the extent that) (i) the Court enters an order authorizing such withdrawal or, expressly declines to prevent such withdrawal in connection with such action or proceeding, and (ii) either (A) ten days shall have passes since such action by the Court without entry by a court of competent jurisdiction of a stay of such withdrawal pending appeal of such action or (B) if shall a stay shall have been entered, such a stay shall have expired or been vacated.

(h) Authorizing the Debtors to withdraw funds from the A-C Disposition Account upon five days notice to the A-C Trustees, the Private Lenders, the OAR Trustees, the OAR Lenders, the Official Committee of Unsecured Creditors, the Official Committee of Equity Security Holders and the Official Labor and Retiree Creditors Committee for the purpose of funding payment by the Debtors of Expenses not previously funded from proceeds as authorized pursuant to paragraph (d) above;

(i) Decreeing that, subject to the provisions of any plan or plans of reorganization confirmed in these proceedings (i) the rights of the A-C Trustees, the Private Lenders, the OAR Trustees and the OAR Lenders and all other parties in interest (including any rights which may exist pursuant to (1) the Second Order Authorizing Sale of Receivables, Incurring of Administrative Priority Status and Granting of Security Interests entered by the Court on September 30, 1987; and (2) the Stipulation Providing For, Inter Alia, (A) Resolution of Disputes with Collateral Trustees and Lenders Regarding Adequate Protection and (B) Modifying the Automatic Stay As it Applies to Certain Payments, approved by the Court on September 16, 1987) to Liens or any other rights they may have on or against any funds in the A-C Disposition Account, including a right to obtain such funds or to be provided adequate protection for use by the Debtors of any such funds, are hereby expressly *preserved* and *(ii)* the objection and defenses of the Debtors and all other parties in interest to any claim or demand of, or interest in such funds claimed by the A-C Trustees, the Private Lenders, the OAR Trustees or the OAR Lenders or other parties in interest, and to any attempt to obtain such funds or to obtain adequate protection for the use thereof by the Debtors, are expressly preserved;

(j) Authorizing the transfer by the Domestic A-C Entities (as defined in the Purchase Agreement) to, and the assumption by, the Purchaser of the Liabilities (which Liabilities include, without limitation, certain warranty liabilities and liabilities directly relating to Product Liability Events (as defined in the Purchase Agreement));

(k) Authorizing the Debtors, pursuant to 11 U.S.C. Section 365, to assume the Assigned Contracts and Leases to which they are party and to assign such *Assigned Contracts and Leases to the Purchaser;*

(l) Authorizing the Debtors in connection with the *assumption of* the Assigned Contracts and Leases to which they are party, to cure all defaults, including those Defaults resulting in pecuniary loss, and decreeing and adjudging that upon curing the Defaults, such Assigned Contracts and Leases shall be in full force and effect without *default;*

(m) Decreeing and adjudging, as provided in 11 U.S.C. Section 365(k), that upon *assignment* of the Assigned Contracts and Leases, A-C and its estate shall be released from any liability for any breach of such Assigned Contracts and Leases occurring after such assignment;

(n) Decreeing and adjudging, that upon (i) the payment by the *Debtors* of cash equal to the amounts, if any, that may be in arrears under the original contractual terms applicable to each Allowed Claim (as defined in the Proposed Plan) with respect to the IRBs and the transactions contemplated thereby, (ii) the taking of any other actions as my be agreed to between the holder of such Allowed Claim and the Debtors or as shall otherwise result in such Allowed Claim being treated as not being treated as not being impaired within the *meaning of the Title 11 of the United States Code,* and *(iii)* the assumption by the *Purchaser* of *all unsatisfied obligations* with respect to such Claim (as defined in Title 11 of the United States Code), then A-C and its estate shall be released from any liability in connection with the IRBs and the transactions contemplated thereby;

(o) Requiring the OAR Trustees and the A-C Trustees to deliver such documents and releases as may be reasonably requested by the Debtors or the Purchaser in connection with the sale of the Shares and Assets and transfer of Liabilities to the Purchaser;

(p) Directing each and every appropriate Federal, State and local governmental agency or department to accept any and all filings necessary and appropriate to consummate the transactions contemplated by the Purchase Agreement or any other purchase agreement approved in connection with approval of a Competitive Bid (including, without limitation, filings (i) in county recording offices in Kentucky, (ii) with the United States Patent and Trademark office necessary to assign to the Purchaser the Transferring A-C Entities' interest in certain patents and trademarks and (iii) with any governmental agency or department required to transfer to the Purchaser any licenses or permits necessary for the operation of the Domestic Business (as defined in the Purchase Agreement));

(q) Authorizing the Transferring A-C Entities to execute and cause their direct and indirect subsidiaries to execute, such documents and agreements and do such *things* as may be necessary to implement, effectuate and consummate the *transactions* contemplated by the Purchase Agreement or any other purchase agreement approved in connection with the approval of a Competitive Bid; and

(r) Granting such other and further relief to the Debtors as may be just and proper;

PLEASE TAKE FURTHER NOTICE that the Purchase Agreement provides for a purchase price of $245,000,000, subject to certain adjustments as set forth in Section 2.08 thereof. The purchase price, the liabilities to be assumed and all other terms and conditions of the proposed sale of the Business to the Purchaser are set forth in the Purchase Agreement, a copy to which has been filed with the Court as Exhibit "A" to the Application, and is available for examination by parties in interest during the Court's regular business hours.

PLEASE TAKE FURTHER NOTICE THAT the Hearing may be adjourned from time to time without further notice to creditors or other parties in interest other than by an announcement of such adjournment or the date scheduled for the Hearing.

HIGHER AND BETTER OFFERS

PLEASE TAKE FURTHER NOTICE that at the Hearing, the Bankruptcy Court will consider the Purchase Agreement and any Competitive Bids. Any party wishing to make an offer to purchase the Business on terms which it considers to be higher or better than those set forth in the Purchase Agreement (collectively, "Competitive Bidders") must, pursuant to order to the Bankruptcy Court, comply with the following procedures:

1. Competitive Bids must be made, in writing, filed with the Court and served by hand, courier or overnight service upon: (i) A-C (at 1205 South 70th Street, West Allis, Wisconsin 53214) and its counsel (whose addresses are set forth below), (ii) Wachtell, Lipton, Rosen & Katz, 299 Park Avenue, New York, New York 10171, Attention: Harold S. Novikoff, Esq., (iii) Stroock & Stroock & Lavan, 7 Hanover Square, New York, New York 10004, Attention: Andrew De Natale, Esq., (iv) Meyerson & Kuhn, 237 Park Avenue, New York, New York 10017, Attention: Claude Montgomery, Esq., (v) Berlack, Israels & Liberman, 1155 Avenue of the Americas, New York, New York 10036, Attention: David Strumwasser, Esq., and (vi) Haynes and Boone, 3100 First Republic Bank Plaza, Dallas, Texas 75202, Attention: Michael M. Boone, Esq. on or before August 29, 1988;

2. Competitive Bids shall each: (a) specifically set forth: (i) all actions taken by such Competitive Bidder to obtain approval, if any, from necessary governmental agencies of the proposed sale, were such interested party to be the *successful Competitive Bidder*, (ii) such approvals or disapprovals obtained, and (iii) the Competitive Bidder's best estimate as to the likelihood and timing of any such approvals not yet obtained;

(b) Specifically set forth those amendments and modifications to the Purchase Agreement which the Competitive Bidder would propose were it to be the successful Competitive Bidder; and

(c) Be accompanied by the latest available certified financial statements of the Competitive Bidder and such subsequent financial statements and other financial information which would enable A-C to evaluate the Competitive Bidder's ability to satisfy its obligations under the Purchase Agreement.

OBJECTIONS TO THE SALE OF THE BUSINESS

PLEASE TAKE FURTHER NOTICE that objections, if any, to approval of the proposed sale of the Business, or to any of the other relief requested by A-C as set forth in the Application, shall state with particularity the reasons for the objection and shall be filed with the Bankruptcy Court and served by hand, courier or overnight delivery service upon (a) Levin & Weintrab & Crames and Davis Polk & Wardwell, co-counsel for A-C, whose addresses are set forth below, (b) Wachtell, Lipton, Rosen & Katz, 299 Park Avenue, New York, New York 10171, Attention: Harold S. Novikoff, Esq., (c) Stroock & Stroock & Lavan, 7 Hanover Square, New York, New York 10004, Attention: Andrew Denatale, Esq., (d) Meyerson & Kuhn, 237 Park Avenue, New York, New York 10017, Attention: Claude Montgomery, Esq., (e) Berlack, Israels and Liberman, 1155 Avenue of the Americas, New York, New York 10036, Attention: David Strumwasser, Esq., and (f) Haynes and Boone, 3100 First Republic Bank Plaza, Dallas, Texas 75202, Attention: Michael M. Boone, Esq., and any other persons whose interests would be affected if the objection were to be sustained, on or before August 29, 1988 at 10:00 o'clock in the forenoon. Any objection so filed will be considered by Bankruptcy Judge Lifland on September 1, 1988 at 2:00 o'clock in the afternoon or as soon thereafter as counsel can be heard, at Courtroom 623, United States Bankruptcy Court, United States Customs House, One Bowling Green, New York, New York 10004-1408.

Dated: New York, New York August 9, 1988

BY ORDER OF THE BANKRUPTCY COURT

HONOURABLE BURTON R. LIFLAND
United States Customs House
One Bowling Green
New York, New York 10004-1408

LEVIN & WEINTRAUB & CRAMES
Attention: Andrew A. Kress, Esq.
Co-counsel to Allis-Chalmers Corporation, et al.
Debtors and Debtors in Possession
225 Broadway
New York, New York 10007
(212) 962-3300

DAVIS POLK & WARDWELL
Attention: Donald S. Bernstein, Esq.
Co-counsel to Allis-Chalmers Corporation et al.
Debtors and Debtors in Possession
1 Chase Manhattan Plaza
New York, New York 10005
(212) 530-4000

MANAGEMENT: Marketing and Advertising

Council of Europe recommendations and satellite broadcasting could together make a drastic impact on both TV advertisers and viewers

The UK defends its commercial breaks

Nothing has provoked such militantly united opposition from Britain's commercial broadcasters, advertisers and advertising industry as the threats from the Council of Europe and the European Community to ITV's system of "natural breaks" television advertising.

An intensive campaign is now being waged against a Council of Europe draft convention that would drastically reduce the number of advertising breaks on Britain's commercial television channels.

Douglas Hurd, the Home Secretary, has indicated that he will reject the convention unless it is modified, but he is anxious to secure a European agreement on trans-frontier broadcasting.

The Independent Television Association (ITVA) claims that if the West German proposals – supported by Belgium, Greece, Portugal and the Netherlands – are adopted, "the financial base of commercial broadcasting in the UK will be seriously undermined."

Tony Vickers, chairman of the ITVA sub-committee dealing with the issue, says the plan would increase the cost of UK television airtime by a minimum of 6 per cent, but quite possibly by double or treble that figure.

There is concern, too, about the effect on the development of satellite broadcasting.

And, it is claimed, the effect on the British viewer who, in numerous polls, has shown a growing attachment to present TV advertising practices, would be far from beneficial.

The Article 14 proposals call for only one commercial break in feature films; and none in made-for-television films, documentaries and serials, which are shorter than 45 minutes. Longer programmes would contain one break only for each 45 minutes.

No advertising breaks would be permitted during news, current affairs, religious and children's programmes of less than 30 minutes, though a restricted number of breaks would be allowed in programmes of 30 minutes or more.

The worthy intent of these rules is to minimise the interruption of programmes and give viewers a better deal. But the effect in Britain, the ITVA argues, would be disastrous. Advertisers would *face* the prospect of having their advertisements lumped together mainly between programmes – perhaps up to 12 minutes of advertising, as is the case in West Germany now.

British viewers, weaned on short, sharp commercial breaks, it is said, would react by switching off or turning to other channels. Advertising impact would be greatly reduced.

The alternative – probably equally unacceptable to viewers – might be to encourage a larger number of shorter programmes, lasting perhaps 20 minutes, to provide more frequent advertising breaks; or more quiz shows which are exempt from the restrictions.

Research by the ITVA into one typical week's programmes in June showed that, if the proposed rules had been in force, the television companies would have lost 5 per cent of advertising time. There would have been 35 per cent fewer mid-programme breaks, and the number of short breaks, under 2¼ minutes, would have been reduced by 45 per cent. The lost advertising time could have been recouped, but only at the cost of a 35 per cent increase in the number of long (3½ minute) breaks.

The total audience would have been reduced by 6 per cent. Peak time ABC1 adult audiences would have fallen by 14-16 per cent, though ironically, given European concern about advertising to children, the volume of advertising in the early evening would have increased by 10 per cent.

Programme promotions, only recently increased in an attempt to raise audience levels, would have been reduced by some 27½ minutes.

Vickers says the implications of adopting the proposals are clear. "The advertiser would obtain less value for money. The viewer, who is content with our present system, would face the boredom of long blocks of advertising."

If programme schedules were changed to accommodate the new rules, a decline in balanced scheduling would reduce audiences and, in turn, make ITV less attractive to advertisers. Revenue would decline and there would be less money for making programmes.

"The sensible solution must be to adopt a simple formula allowing advertising breaks to be inserted at the discretion of the broadcaster, as long as the integrity and value of the programme is not prejudiced," says Vickers.

The entire British advertising industry – the Advertising Association, the Incorporated Society of British Advertisers, the Institute of Practitioners In Advertising, and the Association of Media Independents – has rallied behind the ITVA in pressing the British Government to pursue such a solution when Ministers meet in Stockholm in November to ratify the Convention. And advertising agencies and media independents are extending the campaign into continental Europe through their networks of subsidiaries and allies.

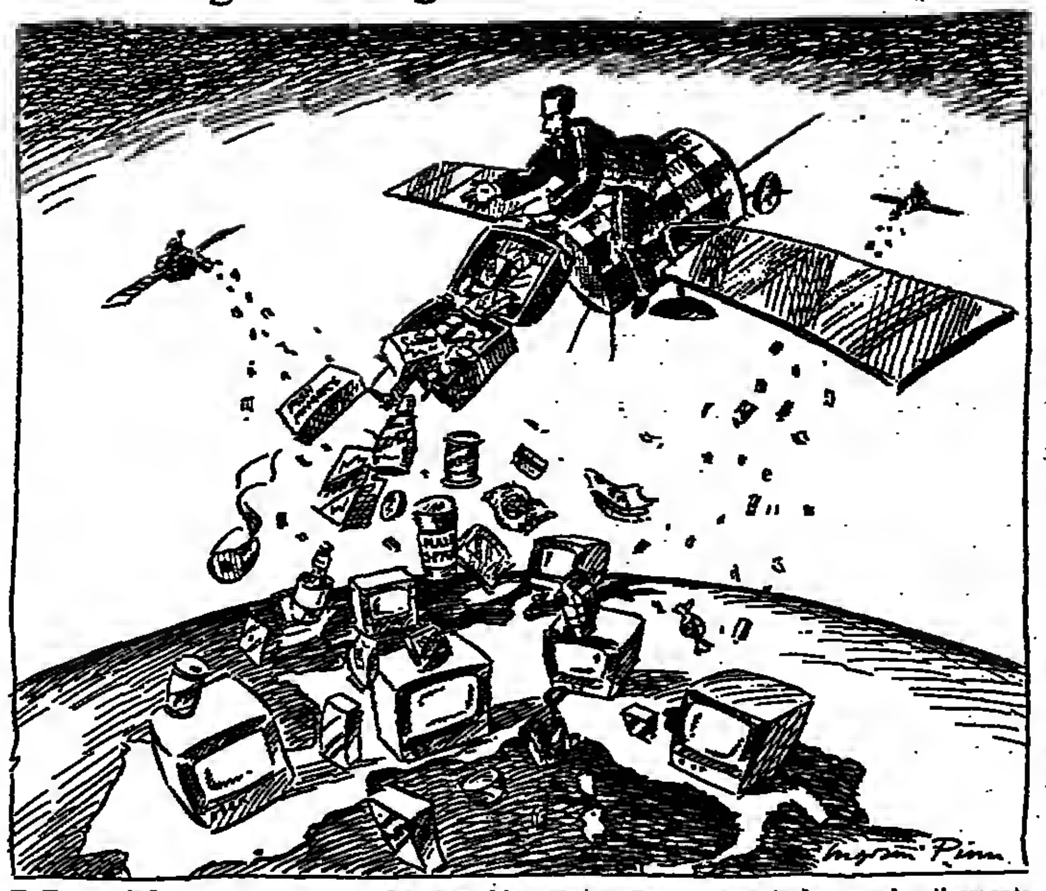
France and Italy are currently adopting a neutral stance. Ireland, Luxembourg and Spain are lining up behind the UK.

If the British Government *does not sign the Convention*, its provisions will not apply in the UK – but that does little at the moment to ease the fears of commercial broadcasters and advertisers. For substantial backing from other countries for the draft proposals would, they believe, almost certainly lead to the insertion of similar provisions in the European Community directive on broadcasting, which Brussels is eager to put on the statute books of member states.

The draft directive, deadlocked and unlikely to make much progress this year, at present provides for mutual recognition and tolerance of television advertising systems in member states; and the EC Commission appears inclined to continue to allow the UK its natural breaks.

But since the directive would be binding, no chances are being taken on Brussels suddenly getting some fresh ideas from Stockholm.

Philip Rawstorne



Nordic resignation

The Nordic governments seem resigned to the possibility that the growth of satellite broadcasting will leave them with little means of controlling what their native populations see on the screen.

For the restrictions which currently apply to conventional TV cannot easily be applied to satellite broadcast, especially once cheaper receiving dishes become available to Nordic households.

Instead, they hope that the Council of Europe, which is discussing the question of satellite advertising, will come up with a convention which bans alcohol and tobacco advertising throughout Europe.

At present, advertising on television in the Nordic countries is subject to strict regulations, but in some areas there are already signs of these being relaxed.

Finland already has commercial slots on state-run television (a commercial TV company buys air time from the national TV and then pays for it through advertising).

Starting this autumn, Danish TV will carry advertising. Satellite broadcasts from, *for* example, Sky and Super Channel are available in the Nordic countries and the Scansat Broadcasting Group, which is based in London, broadcasts *commercial TV3 to homes in* Sweden, Denmark and Norway via cable.

In none of these countries are the foreign advertisements subtitled in the local language – the exercise is seen as too costly and impractical, though EC regulations in this area would affect Denmark, the only community member.

However, there are restrictions on what kind of advertisements may be carried. Alcohol (with the exception of light beer), and tobacco advertisements are banned in all four countries.

In addition, Finland bans advertisements targeted at young children – *for example*, for the My Little Pony toy.

In Sweden, the authorities have greatly relaxed their attitude to advertising on satellite/cable stations in view of the fact that they have not witnessed the explosion in commercials that they initially feared. When TV3 started operating at the beginning of 1988 it understood that there were to be no advertisements "directed at Swedish viewers" – which effectively ruled out advertisements with prices quoted in *Swedish* kronor, in *the Swedish language*, or listing Swedish outlets.

However, TV3 says the regulations have recently not been so strictly enforced, with the result that it has been able to carry advertisements from Swedish companies such as Trygg-Hansa, the insurance group, directed at Swedish consumers.

But the problem remains: what happens if a satellite station transmits advertisements which *break the regulations*? The Swedish authorities say this would automatically lead to the cable company which carries the programme losing its right to transmit. But they realise that with direct reception (ie a satellite dish per household) there would be no way of stopping viewers inside Sweden from seeing such advertisements.

While there is an awareness of the problem, there seems to be very little public discussion – perhaps in the hope that the European Council will reach an agreement and solve the problem.

Sara Webb

The Dutch divide

The Netherlands is one of the world's last bastions against TV advertising but the defences are crumbling under assault from technology, advertisers and the European Community.

Dutch television broadcasting was founded on the notion that it should serve the public interest and not be dependent on commercial advertisers for financial support. The relatively small amount of revenue from TV adverts – Fl 310m (£36m) – is channelled through a government agency and then distributed to the various broadcasters.

The amount of total TV broadcasting time allowed for advertising is very small – less than 5 per cent, compared with the 15 per cent average in Europe – and is severely limited to certain spots. Also, TV commercials are subject to cumbersome approval procedures and are vulnerable to the pressures of Dutch Calvinism.

Commercials are forbidden on Sundays and are clustered mostly around news programmes. In a peculiarly Calvinistic quirk, advertisors of confectionery must put a toothbrush somewhere in the picture and show only children older than 14 years.

A further sign of the heavy official hand was the ban imposed in 1984 by the Culture Ministry on foreign TV programmes that carried Dutch subtitles or contained adverts aimed at the Dutch audience.

Since then the ministry – which is responsible for broadcasting – has dropped its ban on subtitles under pressure from the Dutch courts and Brussels. But the ban on adverts aimed at a Dutch audience remains in effect.

Last April the European Court in Luxembourg ruled that the advertising ban violated the Treaty of Rome; but the ministry has yet to make a move toward changing the law. The European Commission has threatened to issue a warning to the Dutch Government if it does not move soon.

Pressure is also being brought to bear by Vecai, the cable TV operators' association. It plans to file a suit in Amsterdam in an effort to get a Dutch court ruling in line with the one from the European Court. That could be filed as early as next month.

Technology lobbed the first salvo against the TV advertising ramparts. About 80 per cent of Dutch homes are wired for cable TV so when satellite broadcasting into the country began several years ago it quickly spread.

Sky Channel, Rupert Murdoch's satellite TV channel, and Super Channel, the other leading UK satellite broadcaster, posed the greatest threat in terms of advertisements.

In 1986 the Dutch advertising industry launched the first legal attack on the foreign advert ban. Two industry associations filed suit in hopes of proving the two bans violated Dutch as well as European law.

The Dutch Supreme Court found the subtitle ban in violation of the constitution, forcing the ministry to drop it when it brought in the new media law. The Dutch court then referred the other ban to the European Court, which ruled last April.

The advertising industry now wants two things: an end to the foreign advert ban and expansion of TV advertising time. Pent-up demand for spots is estimated by the industry to be more than twice what is currently available – Fl 800m instead of the current Fl 310m. On the other hand the government agency in charge of selling time estimates excess demand at Fl 400m to Fl 500m.

Another Fl 40m to Fl 50m in revenue from Dutch advertisers goes to Sky Channel and Super Channel. Sky and Super have already begun showing adverts aimed at a Dutch audience in line with the European Court ruling. But Vecai wants a definitive *ruling* from a Dutch court to absolve cable operators from responsibility for legal infringement.

Under the new media law, TV advertising time will be expanded to 5 per cent of all broadcast time as from January 1 1989 and the advance time needed for government approval of ads shortened to three days *instead of 14*.

But the industry wants 10 per cent of broadcast available for commercial spots and more flexibility. It argues that greater freedom is needed to place spots between programmes.

Recognising what would be officially and socially unacceptable, however, the industry has yet *to ask for spots in the* middle of programmes.

Meanwhile, advertisers maintain that more price differentiation in broadcast times is desirable. Several categories now exist but more are needed, they say.

Laura Raun

ARTS

Drawing on the strength of a community

The nearest thing to Coronation Street in the south of England must surely be Beck Road in Hackney, East London. A grim, narrow street, unrelieved by any planting, the continuous facade of grimy-bricked workers' cottages masks the animation of creative life behind the scenes. The street is divided by a railway bridge, with the brick piers and arches disappearing into the houses on either side with surreal impracticality, as in a painting by de Chirico. The artist community of Beck Road lives on the other side of the railway tracks.

The 42 artists are part of a group who settled in short-life studio housing in Hackney during the 1970s under the auspices of ACME Housing Association. ACME is a charity which finds properties ear-marked for redevelopment, assists artists in renovating them and manages low-rental studio-houses for artists, under licence from the owners. In the 1970s there was a stock of housing awaiting demolition, but the supply has dwindled to nothing.

Now the opportunity to buy the group of 25 houses in Beck Road from the Inner London Education Authority has been negotiated, and is urgent in the light of the ILEA's imminent demise. What is remarkable about the scheme is that the Beck Road Arts Trust intends to buy the properties in a group, to hold them in trust for the future use of an artistic community. The trust has rejected the notion of each householder negotiating with the ILEA for individual purchase, with the possibility of houses being dispersed into the commercial housing pool. The scheme is a new conception of arts support linked with inner city regeneration, which could be a model for the future – if the artists can find the money.

Artists have been in the business of renovating old warehouse and industrial properties as studios for a couple of decades, stimulating the market into copy-cat development. London's Wapping and St Catherine's docks were the first to be "Yuppified," with the priced-out artists relocating in Poplar and Limehouse. Studios are expensive to maintain (even though many artists take part-time jobs to pay the rent, or time-share studio space), so the ACME concept of studio-housing has proved popular.

The artists living and working within short-life housing have converted part of the houses into studio space, without affecting the residential status of the properties. This is an important consideration, because local authorities, wary of the effect of property speculation in warehouse conversions on local employment, are reluctant to convert Class Three industrial use buildings into residential and office use in small-scale developments.

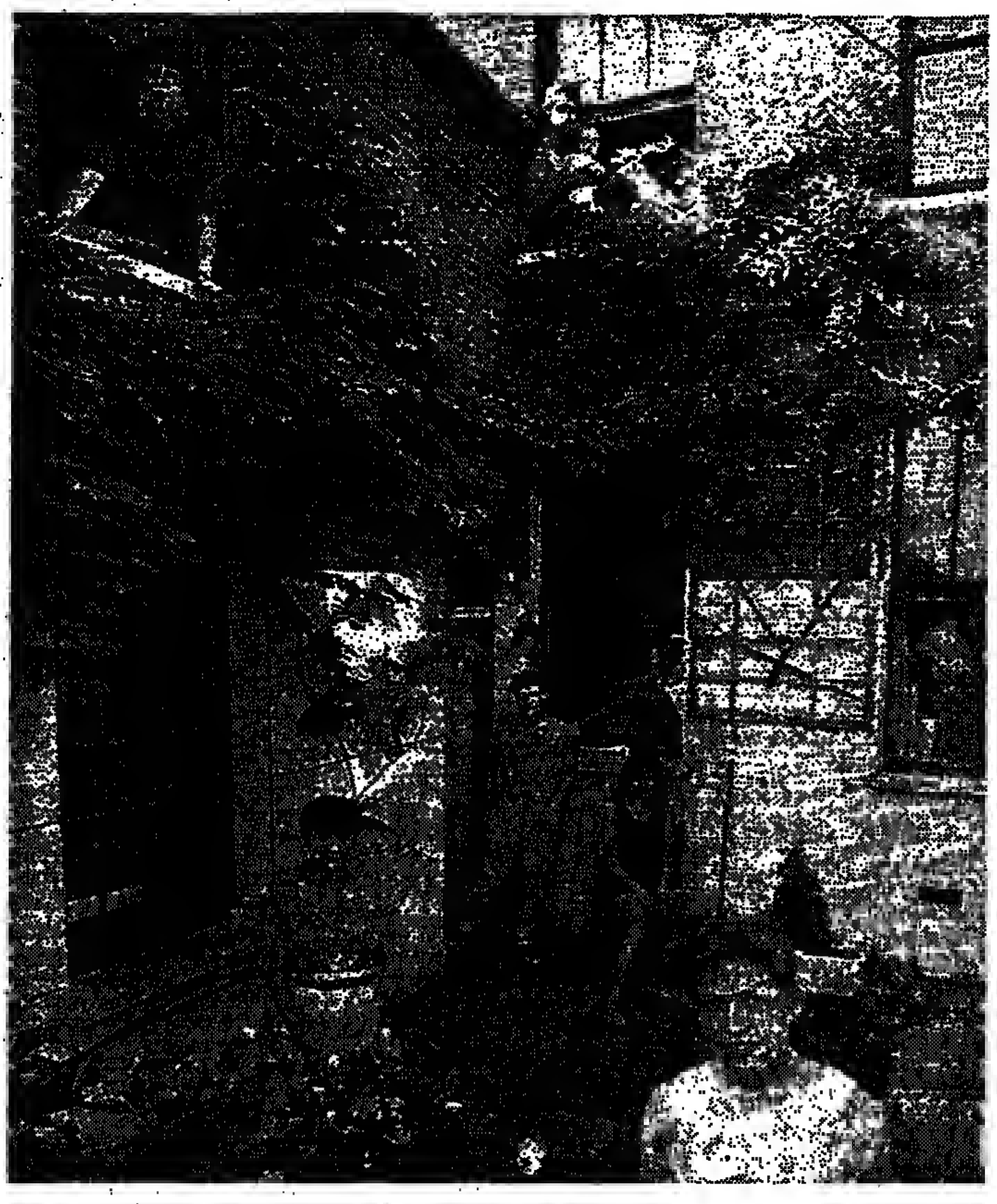
Beck Road is still a very modest affair in terms of property values or residential desirability. Starting with a grant of £750 from ACME for essential repairs (the near derelict houses had outside toilets, no bathrooms and only partial wiring), the first group set about making the miserable hovels habitable in the 1970s. It took Mikey Cuddihy nine months to fix her house by herself, with a little help from the pooled skills of other artists. It has no central heating and is cold and very damp; repairs have only been cosmetic.

ILEA agreed to the scheme initially, she believes "because artists are practical people." Five years ago, when it became obvious that the houses had been consolidated through persistent self-help, the landlords repaired the roofs of some of the worst properties and put in damp-courses.

'The idea of losing our homes is all-pervasive and underscores our lives. It is frightening to contemplate'

The backs of some houses look on to a partially-used car park, intended to service a complex of light industrial workshops built two years ago with a central government grant by Hackney council. The workshops have remained empty. The converted studios of Beck Road, however, are active with artists involved in painting, photography, design and illustration, and making pots and films. Most residents support themselves by part-time jobs such as teaching, house repairs and decoration, making frames or working in art galleries.

The claim of the Arts Council that the arts community generates jobs becomes manifest when looking at the Beck Road community. And it is very much a community: supportive, well integrated with the other local residents, and willing to fight battles to ensure its continuity. "Because we have a vision of what we would like to be," says artist/teacher Sandra Porter, "we manage to have a better cultural standard of living than many people on a higher income." Nevertheless, the "higher cultural standard" is only maintained by a heroic acceptance of below-minimum-standard living conditions, hard work and isolation.



Alison Turnbull (front) with fellow members of the Beck Road community

For some artists there is not much hope of recognition in the fiercely competitive art world; others in Beck Road have already achieved national standing. Debbie Duffin has just published a booklet through ACME, *Organising Your Own Exhibition: A Guide for Artists*. Mikey Cuddihy has been exhibited at major venues in Britain and abroad. Helen Chadwick was short-listed for last year's Turner Prize, and her slide-projection work *Three Houses: A Modern Moral Subject*, commissioned by the Arts Council for the Hayward Gallery Art History exhibition in 1987, was concerned with the imminent collapse of the Beck Road community: "The thought of losing our homes is all-pervasive and underscores our daily lives. It is frightening to contemplate."

Maureen O. Paley has put the Road on the international artistic map with her gallery Interim Arts, in splendid white and grey austerity at No. 21. A dynamic, articulate and forceful American, who studied photography at the Royal College, she moved into Beck Road in 1979. Her first house exhibition in 1981 included the work of other artists in the street. Since then she has put on some noteable shows, including the work of sculptor Richard Deacon (who began his career by working for ACME). She has also curated successful exhibitions at London's Riverside Studios, Manchester's Cornerhouse, and New York.

It is rumoured that she was a front-runner for the directorship of the Whitechapel Art Gallery. "I didn't strategise about the location when I began," says Maureen Paley. "Many entrepreneurial activities have started in people's homes, such as Laura Ashley and the Body Shop." She receives support for her gallery from Greater London Arts and the Henry Moore Foundation, and has sold works to major institutions. The gallery has generated such momentum that she is poised for change or expansion, and is toying with the notion of a "New Museum." "It's not all about a heavy budget. What is needed is a certain visionary zeal."

Beck Road is a model self-help community: generating jobs, incomes and futures out of reject material, and pointing the way to new concepts of self perpetuation for the artistic community. The Trust needs to raise £500,000 through donations to purchase the 25 houses from ILEA for £1.5m, raising the balance from long-term capital investment and borrowing, financed from the rents. The repaired and convertad houses will be assigned to artists on long and short-term residencies (up to ten years), and there are plans for other initiatives to keep this unique community going.

● **Enquiries to: Jonathan Harvey/David Panton, Acme Housing Association, 15 Robinson Road, London E2 9LX.**

Deanna Petherbridge

The Caucasian Chalk Circle

BLOOMSBURY

The National Youth Theatre's tremendous track record both in artistic achievement and in its triumphant battle to survive leads to expectations pitched exceedingly high. It may be that a pre-London run in Newcastle has staled the young company, but the opening of their Bloomsbury season hardly made up in vitality or excitement what Edward Wilson's routine production lacked in imaginativeness.

In the presence of the company's patron, Prince Edward, and vice-president Ian McKellen, besides an audience of ex-members and distinguished well-wishers, and enjoying sponsorship by Sainsbury's, Brecht launched the summer *stagione* which will include Lorca and Shakespeare until the end of September, with time out in Edinburgh for Eliot.

The team is stronger in men than women. Among the many small roles the distaff side is deficient in projecting words and personality. Important lines get lost. Both sexes are stilted in tone and prone to mis-stress and odd emphases.

Brian Lee's designs are a plus: blue sky flame-flushed, fragmented masonry, skeletal timber frame. Colin Sell, a familiar name from radio, provides music for accompanied speech, songs and declamatory recitative. Occasional snatches of minor-key melody or Turkish-delight orientalism break up a meandering, tuneless idiom that adds little and intensifies nothing.

The first 80 minutes are hard going. Without wishing to be unkind, a critic must gently deplore principal performers of mechanical woodenness and shallow feeling who gabble their lines and display little interest in or comprehension of their part. In a company that has known Helen Mirren, Paula Wilcox, Julia Swift and Diana Quick, this simply will not do.

There is always Azdak, and mercifully Oliver Senton raises the temperature of the second part of the play. Naturally too young, he is temperamentally robust if physically lightweight, whole-hearted but technically controlled, and leaps out of the dull context as a genuine, generous theatrical presence. Others who look as if they know what a *stage* is for and quite like it include Michael Gunney's singer-narrator, Daniel Craig as Grusha's soldier suitor, and Anna Niland's sexpot Ludovica, the alleged rape victim who, decides judge Azdak, must have asked for it (how about that for compassion, feminists?). The contended babe is not unconvincingly provided by Max Zapf Toys, and Cumfifoam is acknowledged in the programme which nowhere identifies the excellent musicians (MD Helen Ireland). Not one of the NYT's great occasions.

Martin Hoyle

Birth of a moral hypocrite

EDINBURGH FESTIVAL

Joining the Israeli Tmu-na company in the Assembly Rooms, George Street, the Georgian Film Actor's Studio from Tbilisi maintain the high internationalist standards this week on the fringe. Their production of Molière's *Don Juan* is a major event, one that should surely have graced the official programme.

This most interesting of Molière's plays has an intriguing post-War production history. Nobody really touched it before Louis Jonvet's 1947 revival. Hastily written in 1664, it appears fragmentary and disjointed.

These qualities have recommended it to the modern theatre, radical interpretations ranging from Brecht's adaptation to a recent Italian mafioso version in which the Don descended not to hell but to civic gangsterism.

Most Molière heroes are studies of moral hypocrisy in action. *Don Juan* shows the birth of such a character, and the short, sharp scenes of wooing and retribution are ideally suited to the Georgian style we best know from the Rustaveli Theatre. In fact, the director, Mikhail Tumanishvili, was the tutor and predecessor of Robert Sturua at that great establishment, and we now see clearly his influence upon it.

Fluency has to be imposed on this play. Designing from the ground up helps, with the Commendatore appearing through a hatch in clouds of smoke, an interpolated prompter worrying and scolding from a sunken pit, philosophers' busts and paintings strewn around the stage.

The mood is richly Italianate, the Don inhabiting an artist's studio of hanging cloths and, way above, a battery of female attire suggesting hundreds of discarded models and mistresses, of whom Elvira is merely the latest.

Recognisable Rustaveli hallmarks, such as an underpinning bebop jazz piano score, sudden outbursts of fine singing (snatches of the Mozart opera), and contagious but utterly truthful emotionalism of acting, solve the "bittiness" problem.

The staging is remarkable in its simple, expressive ingenuity. The shipwreck is done with a boat on a bare stage, the Don promising himself simultaneously to Charlotte and Mathurine on a seesaw across the upturned bulk.

This is a brilliant sequence. So is the episode of the avenging brothers. The Don saves Carlos, who does not recognise him, from robbers, and Alonso bullies Carlos to kill their sister's seducer. Carlos refuses, and the pair squabble in russet finery, crossing swords and exiting while locked in hilarious dispute.

The play, often a series of hints, is thus energised throughout, Nineli Chankvetadze making of Elvira a vivacious, voracious huntswoman whose fourth act repentance is hysterically exploded with a frantic removal of layers of petticoat and a brandished knife.

Tha play needs this sort of treatment to release it. Some commentators have already applanded the company's outrageous liberty-taking. But no liberties are taken except in devotion to the play's meanings and ambiguities. The central duet of the adventurous libertine and Sganarelle, his prophetic and much abused accomplice, is unforgettably animated by the devilishly languid Zurab Kipshidze and the flat-nosed, vigorously comic Amiran Amitanashvili.

This is one of the world's great Molière productions and should not be missed. It runs at the Assembly Rooms until August 27, but do read the play in English or French before yon go. No translation from the Georgian, or synopsis in English, is provided.

■ ■ ■

The Edinburgh Festival fringe is increasingly the domain of the stand-np comic, the solo harangue, the bar-room babble as monodrama. A powerful reminder of the true poetic dignity of the one-man play form is provided at the Traverse in Sorcha Cusack's outstanding and deeply moving performance in *Baglady* by Frank McGuinness.

Sorcha Cusack. . . an outstandingly moving performance in *Baglady* by Frank McGuinness

First performed in Dublin by Maurean Toal in 1985, the eponymous tramp shuffles around near the river and unpacks her burden of memory and neurosis in that peculiar half-crazed manner of the garrulous and resentful outcast. What McGuinness, Miss Cusack and director Jude Kelly have captured with high fidelity is a conversational, confessional tone pitched somewhere between muttering and heckling.

'Don Juan is one of the world's great Molière productions and should not be missed'

Cusack materialises out of a black city cesspit creaking with industrial wails and moans like a walking grey jumble sale, raiments gathered in a pile on her head in mockery of a more consciously sultanate fashion.

With a pack of cards and a bottle of "red lemonade" she conjures the lost world of domestic unhappiness with her mother and father, peering through windows, searching for graves, going to weddings and funerals and finding burnt babies.

Her tale unfolds as a summary of a Catholic childhood, her condition a sad fulfilment. She professes cleanliness, but displays filth. She craves company, but rejects solicitons approaches. Scion of a famous theatrical family, Miss Cusack's protestations of being her father's daughter are particularly poignant. She looks and sounds more like Cyril by the minute.

The family of one flesh and the Catholic liturgy are chillingly invoked, punishment the corollary of devotion. After a ritual libation and an amazing costume adjustment, the baglady becomes a priest, an old white wedding dress converted to an alb, the muttering to litanical incantation.

■ ■ ■

Another Traverse hit is Manfred Karge's *The Conquest of the South Pole*, translated from the German by Tinch Minter and Anthony Vivis, and well directed by Stephen Unwin. Five urban urchins enliven dead-end routine by enacting Amundsen's expedition in their own back yard.

This is a really beautiful play, interleaving stunted ambition with impossible fantasy. A climactic arrival on the dining room table in full climbing gear is followed by a tragic visit by one of the "explorers" to the Job Centre. A vacancy on an icebreaker is not the same as one with a nice baker.

It will be interesting to see how Unwin's prodnction expands to fill the Royal Court in London, where it is scheduled for later this year. Meanwhile, book now for *Baglady*, which is coming to Riverside Studios in Hammersmith on September 14.

Michael Coveney

ARTS GUIDE

August 12-18

EXHIBITIONS

London

The Royal Academy. Cézanne – The Early Years 1859-72. A concentrated and illuminating study of the formative period of one of the greatest artists of the 19th century and one of the seminal figures of the modern movement. Although he came to greatness in his middle and later years, his early period, far from being inconsiderable as had been generally supposed, is now revealed in all its complexity and contradictory quality. Ends August 21.

Paris

Carte Musées et Monuments, sold in museums and Metro stations, enables visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles Palace.

Centre Georges Pompidou. The Fifties, taking over Beaubourg for three months. The postwar creative dynamism of the Fifties is represented by cars, comics, music, cinema, literature, industrial creation and – on the fifth floor – by visual arts. The great figures of Matisse and Picasso open the exhibition with works in black and white; monochromes by Yves Klein and Montana close it. There are statues by Giacometti, mobiles by Calder, and lyrical abstraction by Hartung and De Kooning. While contrasting the School of Paris with the School of New York, the exhibition equally draws attention to some of their parallel developments. (42.77.12.33). Closed Tue. Ends Oct 17.

Institut du Monde Arabe. Holy Places in Saudi Arabia. Magnificent architectural models of the Kaaba in Mecca and its black brocade veil with verses from the Koran embroidered in gold, and of the Prophet's great mosque in Medina, provide non-Moslems with a realistic image of the shrines of Islamic pilgrimage, to which they normally have no access. Manuscripts, works by the traveller Richard Burton and 17th century Turkish ceramics complete the exhibition. 23 Quai Saint-Bernard (46.34.25.25). 1 pm till 8 pm, closed Mon. Ends Sept 18.

Netherlands

Amsterdam, Tropenmuseum. The arts and crafts of Indonesia, illustrated with more than 500 objects in bronze, bamboo, textiles and precious metals spanning 2,000 years of cultural history. Ends August 21.

West Germany

Cologne, Romisch-Germanisches Museum. Caesar's Glass. This exhibition is the most important display of Roman glass ever staged. It covers the period from Caesar to Justinian, from the first century BC to the 6th century AD. The 162 pieces are mainly goods from everyday life. The show is a joint project between the Corning Museum of Glass, New York, the British Museum, London, and the Romisch-Germanisches Museum in Cologne. Until August 28.

Munich, Haus der Kunst, 60 Prinzregentstr. An important exhibition, centred on the city of Munich, which provides a broad view of the West German cultural scene. There are about 640 works – paintings, graphics and plastics – by 470 different artists, including over 100 women. Twenty-two works by the Austrian painter and sculptor, Alfred Hrdlicka, form the highlight of the show. The exhibition is organised by three group of artists. Ends Sept 11.

Italy

Venice, Palazzo Grassi. The Phoenicians. The fourth major exhibition at Fiat's imposing art centre on the Grand Canal attemps to give a complete picture of this extraordinary people, who dominated trade in the Mediterranean for over 1,000 years before their capital, Carthage, was finally destroyed by the Romans in 146 BC. The exhibition has been given a highly theatrical presentation by the architect Gae Aulenti. Sarcophaghi project at odd angles from a pile of pink sand on the ground floor of the Palazzo; in an upstairs room, model ships stand immobile in a rippling artificial lake, and a huge polystyrene wave engulfs a Phoenician wreck. Many of the 1,200 objects displayed (gold and silver jewellery, statues and reliefs in terracotta, bronze and ivory) are extraordinarily beautiful and the 750 page catalogue, published by Bompiani, is excellent. Until Nov 6.

Switzerland

Martigny. The Gianadda Foundation is showing the second part of treasures on loan from the Sao Paulo Museum. Entitled From Manet to Picasso, it is especially rich in Renoirs, from society portaits and little girls in frothy lace and pink and blue satin, to a fleshy nude. Van Gogh, is well represented with his famous Arlesienne and landscapes with tormented trees. There is Cézanne's portrait of his wife, a Tahiti scene by Gauguin, and Manet's Marie Lefebvre riding side saddle and looking as seductive as Bonnard's appealing nude or Degas' dancers. (23978). Ends Nov 6.

New York

American Craft Museum. An ambitious exhibition traces the history of American architecture back to the turn of the century, and emphasises the work of artists like Tiffany, Lawrie and Louise Nevelson who were commissioned to add art to the architecture. Ends Sept 4.

Pierpont Morgan Library. Over 300 items from the life and art of Beatrix Potter show the evolution of the artist and her work. Included are the illustrated letter, discovered only months ago, to Noel Moore that became the basis of Peter Rabbit, and the entire sequence of 22 watercolours from The Tailor of Gloucester, lent by London's Tate Gallery. Ends Aug 21.

Washington

National Gallery. More than 60 masterworks, from the superb 16th-18th century collection of Munich's Alte Pinakothek, include paintings by Rubens, Rembrandt, Titian, El Greco and Van Dyck. Ends Sept 5.

National Gallery (East Wing). To mark the 350th anniversary of the first Swedish colony to North America, the exhibition covers four Swedish monarchies in the 16th and 17th centuries and shows Sweden as a resplendent and aggressive world power through objects and 100 paintings on loan from the Royal Treasury, the National Museum and the royal collections. Ends Sept 5.

Chicago

Art Institute. Photographs by Josef Sudek. Using his native Prague as the background, this avant-garde photographer, who died in 1976, captured the lyrical quality of the Czech people and the country's beautiful landscapes. Ends Sept 5.

Art Institute. More than 50 Dutch and Flemish 17th century masterpieces from the Hermitage in Leningrad, including works by Rembrandt, Rubens, van Dyck and Frans Hals, kick off a collaborative effort by US and Soviet museums Ends Sept 18.

Tokyo

Teien Museum, Meguro. Masterworks from Europe. As a result of the strong yen, Japanese collectors, both public and private, have been on a spending spree recently. This exhibition draws together some recent acquistions and, though aimed mainly at Japanese children, it provides an opportunity to assess current Japanese taste in Western art. This seems to be basically conservative, with an emphasis on Impressionism and Post-Impressionism. The 69 works on show range from Renoir at his most sentimental to late Picasso lithographs and a selection from Matisse's mighty Jazz series. The museum has a superb Art Deco interior and a pleasant garden. Closed August 24. Ends September 4.

National Museum of Modern Art. The Image of Man in Modern Japanese Art. Individualism is not generally admired in Japan, so portraiture, in the sense of the portrayal of individual psychology, is not part of the artistic tradition. However, in modern times, a number of Japanese painters have grappled with this problem with varying degrees of success. This exhibition features portraits and other works in which the human figure is predominant – all executed within the last 100 years. Closed Mondays. Ends September 9.

Riccar Museum. A pictorial diary and other works by the early 19th century master of the Ukiyoe woodblock print, Utagawa Hiroshige. Ends August 28.

Suntory Museum. Chinese glassware of the Qin Dynasty (1644-1911) from the collection of American businessmen Robert H. Clague. The works range from simple incense burners, bowls and gourd-shaped vases in translucent coloured glass to elaborate showpieces imitating jade or porcelain that make virtuoso use of techniques in which Chinese craftsman were particularly skilled, such as carved relief and coloured overlay. Closed Mondays. Ends August 28.

Japan Folkcraft Museum (Nihon Mingeikan), Komaba. Crafts from India. The museum is in an old Japanese farmhouse building which accords perfectly with the unselfconscious beauty of the objects. Closed Mondays. Ends September 25.

Songs of Awakening Love

ALBERT HALL

The London first performance of Michael Berkeley's *Songs of Awakening Love* provided the centrepiece of the Prom by the City of London Sinfonia under Richard Hickox. A substantial tripartite song-cycle, nearly 30 minutes long, this is one of the more ambitious assignments of a composer often associated (not always justly) with lightweight fluency. I found, on first hearing, that it failed to add up completely; but of Berkeley's craftsmanlike skills, and his ability to produce music that sounds grateful, sings gratefully, and is "about something," there was no cause for doubt.

Two initial urges were evidently fed into the creative process. The first – which seems successful in its fulfilment – was to write music which captures the qualitative essence of Heather Harper's soprano, its radiance, freedom of movement, and delicacy of timbre. (Miss Harper was in amazingly fresh, free voice; isn't it long beyond time for this singer to be declared a national treasure?) The characteristics of the voice-and-chamber-orchestra blending that Berkeley has devised are not just flattering but creatively demanding: the repeated high As of the first song may be hard work, bnt the glow that Miss Harper drew from them gave the performance a good deal of its impact.

The other urge was to recreate in music the passionate love-poetry energies of two 19th-century women poets, Elizabeth Barrett Browning (one of whose *Sonnets from the Portuguese* provides the first song and whose "How do I love thee?" the last) and Christina Rossetti (whose "My heart is like a singing bird" supplies the more lightly-moving middle movement). The outer two poems are long, and intense, and Berkeley is stretched to keep the dramatic momentum going throughout. There is mnch sensitively invented detail – the introdnction of spiky, jumpy cross-accentuation is done with apposite vividness, and the octave-unison support of the voice in the final song creates a feeling of lyrical contentment – but the developing longer line of the individual songs and the overall structure seems less certainly conveyed. The balance of the work feels not quite centred.

I should add that *Songs of Awakening Love* came as the third item in an overlong and ill-planned first half, following Britten's Frank Bridge Variations (untidy moments at first, sparkling string virtuosity later) and then Bridge's own invertebrate *There is a willow grows aslant a brook.*

Max Loppert

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Mr Bush's big gamble

IT IS QUITE remarkable how in this presidential election year the Democrats are behaving like Republicans, and vice versa. This has a lot to do with expectations of winning, which the Democrats now think they can with Mr Michael Dukakis as their candidate, and which the Repnblicans fear they will not without Ronald Reagan as theirs.

Thus, out of Atlanta a month ago marched a Democratic party united almost to the point of blandness, at least by its own exotic standards. It possessed a centrist standard bearer, a number two of sober mien chosen mostly for tactical electoral reasons and a party platform so short and uncontroversial that it would not even have warranted a footnote in the previous declarations of principle framed by its once-dominant liberal wing.

For Republicans, the tune out of New Orleans is very different. For whatever George Bush, the certain nominee, may personally stand for, the party's band leader is its ideological right wing. As was to be expected, it paid the fondest of farewells to its hero, President Reagan; more surprisingly from a tactical standpoint, it has drawn np a lengthy party platform containing almost all the controversial social causes dear to the right which have not been implemented in the Reagan years; and, finally, it has induced Mr Bush himself to choose a political product of the Reagan revolntion, Senator Dan Quayle of Indiana, as a running mate.

Discernible reasons

It is easy to discern both the principal and subsidiary reasons behind the selection of Mr Quayle. If the Republican right wing, with its formidable money-raising and organisational talents, is turned off hy Mr Bnsh alone, it may be reassured by Mr Quayle's presence. As, once again, the minority party in the nation at large, Republicans generally benefit from a low voter turn out, but there is an irredncible minimum level of support which must be maintained and which needs the right wing. By the same token, the Democrats cannot afford to have their discontented progressives staying home en masse, which is why a kind of peace has been agreed with the Reverend Jesse Jackson.

The inevitable geographical imperative also applies. The Midwest is going to be decisive and Mr Quayle is a proven local vote getter, having knocked off a notable liberal, Senator Birch Bayh, eight years ago. His youth and good looks might help close Mr Bush's large gender gap with women, though his opposition to abortion will not, nor will the party platform, if it is promoted seriously. Perhaps he will attract more "yuppie" support than his much older Democratic opposite number, Senator Lloyd Bentsen, though the fact that he, like Mr Bush, is the scion of a wealthy family may dampen this appeal to younger self-made Americans as well as to those less well-off.

Thin record

It is possible that Mr Bush has come up with a clever choice, hut it is a gamble and one wide open to counter-attack. Mr Quayle's public record is very thin, much more so than those of just about all the others under consideration, and it is impossible to say with any confidence that he is qualified to be the proverbial heartbeat away from the presidency, let alone to sharpen the blurred image Mr Bush himself conveys to the public at large. In these respects, Mr Bentsen seems a better complement to Mr Dukakis. Texas, after all, is bigger than Indiana, which the Repnhlicans normally carry anyway.

But the main message from the two conventions is about the shape of the coming campaign. The Republican theme, from a party which used to be pragmatic, is that the Reagan revolution lives and must be continued under George Bush, unlikely exponent of the cause though he may be; on the other side, the Democrats, who once valned conscience above all else, are saying that the revolution is over and that its legacies, not all of which are necessarily had, now need hetter management. Into this context must be fitted, critically, the characters of the two presidential candidates.

The battle will still be for the middle ground. The question for the American electorate is whether Mr Reagan has shifted it as far to the right as Mrs Thatcher has in Britain and as it seemed he had in the US in 1984. If so, then Mr Bush, benefiting from continued strength in the economy, a more peaceful world and the President's endorsements ringing in his ears, might win. If not, and if the public concludes that Mr Reagan and his revolution are one and indivisible, then the door is open for Mr Dukakis.

Training: the next priority

A MUCH IMPROVED system of training for employees will be vital if British companies are to close the productivity gap which still separates them from many of their international competitors.

As the Organisation for Economic Co-operation and Development noted in its annual report on the UK economy, puhlished this week, one of the major forces behind the remarkahle recent growth in labour productivity has been employers' determination to aholish outdated restrictive practices, by introducing multi-skilling and worker flexibility.

This process has some way to run. Gains can still be won from introducing single grades of skilled workers and from giving supervisors more of a managerial role. in future productivity gains will come from organising work more effectively, to make the greatest use of the extra flexibility which is available.

Yet the danger with reliance on this route to higher productivity is clear. At companies which have taken a lead in introdncing labour flexibility there will soon be few productivity gains to be had from abolishing old demarcation lines, simply because most of the old practices will have gone. Ford UK's factories, for instance, will have working practices comparable to the best availahle in its sister plants on the Continent. Yet prodnctivity will still be substantially lower in the UK than in West Germany or Belgium.

Tha determination that employers have shown in ripping up outmoded labour practices will have to be redirected in the next few years, towards the goal of creating a skilled workforce.

The White Paper on employers' training to be published this autumn by Mr Norman Fowler, the Employment Secretary, is a welcome davelopment. So too is the appointment to the chairmanship of the Training Commission of Mr Brian Wolfson, whose wide international husiness hackground is matched by a determination to make employers and employees take training more seriously.

Both would do well to read The Learning Society, the policy paper issued this week by the Social and Liberal Democrats. It points out that with the decline in the number of young people entering the labour market in the next few years, youth wages will rise and more people aged 16 - 17 will be tempted from education and training into employment. This will benefit youngsters in the short term, but it could damage their long-term employment prospects by denying them vital early training.

The evidence of the Yonth Training Scheme is that once trainees leave the scheme for jobs their training ends. A statutory obligation on employers to continue youth training conld play a useful role in ensuring that the tightening of the labour market does not lead to a further deterioration in skills formation.

The paper also snggests establishing local training forums for employers akin to the successful American private industry councils, training entitlements for adult employees and an examination of fiscal incentives to promote training.

All would need careful consideration before becoming government policy. Statutory action to improve training does not have to mean new tax breaks or penalties. It can take other forms. But the Government's policies in the early 1980s, including its trade union legislation, played an important role in enconraging the introduction of more flexible working practices. The Government will need to give a similar lead for the next stage of modernising the British labour market, through a determined programme to improve training.

John Elliott examines the prospects for Pakistan after the death of its President

After Zia, the threat of turmoil

The death yesterday of General Zia ul-Haq, ruler of Pakistan for the past 11 years, throws an internationally sensitive buffer state on the borders of the Soviet hloc into a degree of political uncertainty and potential turmoil which has not been seen for more than a decade.

Since 1977, President Zia has dominated the politics of Pakistan. First as military ruler and then as president, he gradually hrought to one of the world's poorest countries a degree of political stability that astounded even his critics and opponents.

His removal from the political scene comes at an extremely sensitive time, both for Pakistan's domestic politics and for the situation in Afghanistan, where Soviet troops are now half-way through withdrawing. He leaves a vacuum which it will be difficult to fill. There is no one in Pakistan of sufficient political stature, experience and guile to follow him and to lead his sometimes politically volatile and under-developed country.

So he will leave a void. Within Pakistan, opposition groups will want to take advantage of the opportunity to canse nnrest. This could well lead, however, to a fresh coup by other generals.

On Afghanistan, the complex balance of power has been dramatically changed. President Zia was among those most opposed to the continued rule in Kabul of the Najibullah government. He was the most important supporter of the Mujahedin guerilla forces; his death removes the Mujahedin's leading champion and the US's most reliahle ally against Soviet aggression. Pakistan has traditionally provided the arms routes to the Mujahedin. It has come under strong attack from the Soviet Union – most recently in the past few days – for allegedly continuing to do so following the recent Geneva accord on Soviet troop withdrawals.

Others in Pakistan believe that support should be withdrawn from the Mujahedin to give the fighting in Afghanistan a better chnace of stopping – and enable some 3m refugees in Pakistan to return home. Such views will now be more likely to prevail.

As a relatively new Muslim country, created when the Indian sub-continent was freed from British rule in 1947, Pakistan has not yet developed a self-confident national identity nor formed a stable democratic political base. Its army took over early in the young nation's life. President Zia's decision three months ago to oust the elected government of Mr Mohammed Khan Junejo, the Prime Minister, confirmed that the army had decided to stay in control behind the scenes.

If he had lived, President Zia would have faced a major challenge this November in elections which he had called to replace the Junejo government. Ms Benazir Bhutto, daughter of President Zulfikar Ali Bhntto, whom President Zia ousted from power and then hanged in the late 1970s, was spearheading an opposition challenge which could have posed problems to him, despite serious divisions among opposition leaders. It would have been impossible for Ms Bhutto and President Zia to rule together as Prime Minister and President, so a clash was in prospect if she had won. ...

Over the years, President Zia proved himself increasingly to be a master strategist at domestic politics and international diplomacy. He deflected and defeated his opponents, whether they were members of tha natural political opposition, ambitious generals, or even politicians in foreign countries, lika the US, who objected to the continued support the US was giving to the Zia regime following the Russian occupation of Afghanistan in 1979.

Economically little permanent solid progress was made during his 11 years in power. There was a growing superficial prosperity based on foreign aid, the earnings of Pakistanis working in the Middle East and the illicit profits of a rampant drugs and gun trade, plus widespread and growing corruption.

Social unrest increased, especially in the rehellious southern province of Sind and in Karachi, Sind's provincial capital and the country's main commercial centre.

"Zia's is a benevolent regime. It shows teeth hut doesn't use them," one leading industrialist said recently, reflecting the general view that the President was far from harsh after his early years in power.

"But the result is a weak corrupt government. On paper the economy is over-regulated, but in practice yon get round everything and live at standards well above what the country can afford.

"The government does not have the will or self-discipline to start an austerity drive which is needed. The problem is that Pakistan's governments believe the evil day will never come, that they will be constantly protected and saved by lucky harvests, remittances and foreign aid."

That sums up the legacy of the Zia years – relative political stability, but prosperity based on an ephemeral economy. There are harsh problems ahead, especially because the future of generous US aid, amounting to $4.05bn over the coming five years, might be put at risk by the Soviet withdrawal from Afghanistan.

It cannot be said that President Zia was a bad leader for his country. But, like all military rulers, he did not know how to design his own exit and pave the way for successors. He would almost certainly have liked to have retired gracefully to play golf on courses in northern Pakistan.

Yesterday that exit was cruelly achieved and a poor country, at the fulcrum of international tensions on the borders of the Middle East and South Asia was pushed back to the hrink of a new era of uncertainty and unrest.

An opposition divided and mistrustful

General Zia's death finds the opposition to his rule stronger than it had been at any time since he took power 11 years ago. That does not necessarily mean, however, that the opposition forces are well placed to take advantage of the power vacuum caused by his death.

In recent months, Gen Zia's long-time supporters, the right-wing religious party Jamaat Islami, had deserted him for his main enemy, the Pakistan People's Party (PPP). The Supreme Court had lifted the ban on political parties. And an unpopular budget had traders on strike and the business community hammering at the President's door.

The opposition groups, however, trust each other no more than they trusted Gen Zia. Their ability to mobilise popular unrest is limited. People have been fired on once too often and their most recent experience of democracy under former Prime Minister Zulfikar Ali Bhutto ended in severe disappointment. Today they are mnch richer and freer than they were 10 years ago.

The PPP's leader, Benazir Bhutto, is the daughter of the man whom Zia deposed and later hanged. After Gen Zia's death was announced, she told reporters: "Life and death is in God'e hands and we have to accept it.

"We in the PPP and in the opposition are prepared for whatever we can do to ensure that this process remains stable and constitutional as much as possible."

The army was put on alert in Karachi, Pakistan's biggest city and prone to rioting. But there were no immediate reports of disturbances.

BOOK REVIEW

Tolling the bell for the party

THE GORBACHEV PHENOMENON:
A Historical Interpretation
By Moshe Lewin

University of California Press, c/o 1a Epsom Road, Guildford, Surrey, GU1 3JT ($18.95)

When Bertrand Russell visited the Soviet Union in 1920 his enthusiasm for the Bolshevik Revolution was quickly shattered. Bolshevik methods, he wrote, were an intolerably expensive way of achieving something which had little to do with socialism. The most likely outcome, as he saw it, was an ebbing of revolutionary ardour and the emergence of a moderate regime which would sacrifice ideology to production and would make its peace with whichever industrialised nations were willing to help in the work of reconstruction.

Stalin proved him horribly wrong. Yet perhaps he was not so wrong, after all. Had Bukharin and his allies won their battle with Stalin, the Soviet peopla might have arrived, more rapidly and painlessly, at their present stage.

Was Stalinism really necessary for the rapid transformation of an illiterate peasant society into a highly literate, skilled urban one? Was Stalin an essential factor in the accelerated industrialisation of the Soviet Union? Or – to put the question in its contemporary form – can Mikhail Gorbachev achieve the rapid transformation of a society and an economy barely through their first industrial revolution into an economic superpower withont resorting to Stalinist coercion?

Most of the analysis of the Soviet Union's first 70 years – emphasising as it does the inertla and resiatance to change of the system and its people, the failures of post-Stalin attempts at reform, and the stagnation of the Brezhnev years – would suggest that he cannot. This, says Moshe Lewin, Professor of History at the University of Pennsylvania, is because most analysts have focused on the state's institutions and economy, neglecting Soviet society, with its complex sub-cultures and counter-cultures, its attitudes and expectations, and the profound changes that have taken place independently of the political leadership.

Lewin depicts a constantly changing society which has accommodated surprisingly smoothly to industrialisation, and to the massive mid-century shift from village to city. By the late 1930s, he points out, the urban population was growing by 10 per cent a year; in that decade it swelled from 26.3m to 56.1m; and by the late 1980s it had reached 180m.

The last three decades have seen the creation of, on average, 22 new cities every year, the number of cities with 100,000 or more inhabitants rising from 125 in 1959 to 251 in 1980. Equally fundamental changes have been taking place in the structure of the labour force. By 1959 the peasantry had been replaced by a working class of predominantly skilled and semi-skilled lahourers; the next two decades saw the emergence of a professional class and an intelligentsia.

The political impact of mass education, Lewin suggests, has yet to be fully understood: its contribution to rising expectations; to an increasingly critical attitude towards, and growing disillusionment with, those in power; to growing cynicism about official sources of information, incinding the mass media; and to the growth of informal structures and information networks.

The fact that attempts in the 1960s to de-Stalinise and reform were frustrated is less significant, Lewin suggests, than the fact that there was no re-Stalinisation. The Brezhnev years, although now referred to in Moscow as the "period of stagnation," saw society in general undergoing the prelude to a revolution, with the gradual evolution of public opinion as a political force.

To speak, as Lewin does, of "a public clamour for a say in decisions that affect the nation's course," and of a "public demand for the autonomy to organise in defence of local interests and personal opinions" would seem an overstatement; but in identifying the need for a new relationship between people, party and state, reflecting the profound changes in Soviet society, he is on firmer ground.

Where does this leave Gorbachev and his plans for economic reform and the democratisation of the party? Lewin is cautiously optimistic: "If Gorbachev perseveres for two or three more years and continues to implement the changes he wants," he predicts, "the bells will have tolled for the old party."

Perhaps . . . but the pressures from the grass roots do not all take tha direction Lewin snggests. There are many who yearn for the restrictions and certainties of the past. Gorbachev has been most discreet in specifying what he means by "democratisation" and the political liberalisations Lewin envisages – "an influential role for puhlic opinion, a lively press and uninhibited electronic media, open debate in the party," with a shift of power to the soviets and occasional use of referendums" – sound a rather feehle death-knell.

Gorbachev, indeed, may seek no more than to broaden endorsement of, and hence to reinforce, the party and its leadership. But where Lewin is surely right is in his insistence that the days of revolution imposed from the top are past, and that tha nature of the Soviet Union will continue to be determined less hy individuals than hy the people.

Margaret van Hattem

OBSERVER

A flying leap

■ Was Horacio Domingorena pushed or did he go of his own accord ? Like mnch of the confusion surrounding the deal between SAS and Aerolineas Argentinas, the state-owned airline, it depends on whom you listen to.

Perhaps the only certainty in the affair is that, last week, Domingorena was president of Aerolineas and that today he is not.

Domingorena says he presented his resignation to Argentina's president Raul Alfonsin yesterday. According to Rodolfo Terragno, Minister of Public Works, however, Domingorena was sacked last Friday after sounding off about the terms of the deal.

Domingorena and Terragno, the minister responsible for privatisation, have not exactly seen eye to eye on the matter. Domingorena, a former Education Minister in the last democratic government and a close friend of president Alfonsin, is no enemy of privatisation. But he had serious doubts about the SAS deal which be dismissed as a cheap sell-off.

Terragno has his own reasons for pushing the deal through. Aerolineas is not just the national flag-carrier; it also carries the flag for President Alfonsin's privatisation programme.

According to Terragno, SAS will pay $100m in cash for their share in Aerolineas. Domingorena says the actual price agreed is $156m of which only $20m will be real honest-to-goodness loot. The rest will come from juggling Argentine government-issued paper.

Domingorena was excluded from all stages of the negotiations after being asked to sign the original letter of intent. So ont of touch was he with the pace of events that on August 11, the day the deal was announced, he discouraged the suggestion that a date was imminent for the finalisation of the deal.

The deal, which still has to go through Congress, is full of little mysteries. Why were the Scandinavian embassies in Buenos Aires totally excluded from all stages of the talks? Why does the Argentine government think that Copenhagen is a suitable hub airport for Argentines, most of whom head for Italy or Spain?

Finally, why has Domingorena, at the advanced age of 70, chosen to resign rather than stay on in a reasonably comfortable sinecure? According to some who have no particular reason to like him, there is a solution to that conundrum. He may just be one of those people in Argentine politics who occasionally puts principle before party or profit.

Sugar looks east

■ Alan Sugar, Amstrad's enterprising boss, has been telling anyone who will listen that he is determined to turn the UK electronics group into a truly international concern.

Sugar now appears to be bending his personnel policy to that goal by importing into the UK as his special assistant Callen So, one of the team which made Amstrad's Hong Kong office a linchpin of its operations.

She was one of Amstrad's first employees in the Far East when she joined the Hong Kong operation in 1971 as a 19-year old secretary. Lack of qualifications has never been a block to advancement in Sugar's empire. He left school at 16 and began selling aerials from the back of a van two years later.

Callen So has been Amstrad's sales and marketing

director in the Far East, where the company sources all its products. She has been responsible recently for some of Amstrad's tentative moves to open up sub-contract business in China.

The company is being a little coy about what she will be doing in its Brentwood headquarters, but there is talk of her working on long-term projects designed to integrate Amstrad'e overseas sales subsidiaries.

So will be joining a small group of Japanese who work under Sugar's wing. This seems appropriate since Sugar is a great admirer of the Far Eastern work ethic.

Epic tales

■ Lovers of great literature need not worry. The works of Leonid Brezhnev and Konstantin Chernenko are not, after all, coming off the bookshelves. Officials at the Soviet Ministry of Culture yesterday denied a letter in the government newspaper Izvestia which had said that the writings of these late giants of Russian prose had fallen victim to *glasnost* and been removed from libraries.

"This is an incomprehensible mistake," said the head of the ministry's library section. "The Culture Ministry never made such a decision."

Apparently the letter's author, a librarian in the Crimea, one I. Zavgorodnyaya, wrongly interpreted the ministry's instructions to make room for new works. Let'e hope that *glasnost* has reached the Crimea.

By George

■ The chant "Where Was George ?" launched by Senator Edward Kennedy at the Democratic Convention last month referring to the Republican candidate's disputed war record, has started a trend. Even before President Reagan endorsed his Vice-President on Monday night with the ringing declaration "George was there," buttons started appearing saying "Here's George!".

The Republicans have now responded with "Who's Mike?" buttons in reference to the George Bush's equally charismatic Democratic opponent.

These buttons and other items, such as official party champagne (selling at 35 per cent over the normal list price) and a gold commemoration coin imprinted with the president's likeness costing $1,295, are sold by officially designated vendors.

Law abiding

■ Extract from a hotel leaflet in a Bangkok hotel with a list of do's and don'ts for guests: "Please do not associate with solicitors around the hotel."

Alain Cass

South Africa's economy

Adding a new hair shirt to the strait jacket

By Anthony Robinson

After months of politically inspired reluctance to curb a credit-fuelled consumer boom, Pretoria has been forced by a looming balance of payments crisis to impose a package of credit restrictions and import surcharges.

South Africans have been given a hair shirt to wear under the strait-jacket of an economy doomed to low growth by apartheid-induced distortions, the rising costs of "security" and the effects of sanctions and disinvestment.

The timing could hardly have been worse, less than three months before millions of voters from all ethnic groups are due to go to the polls in municipal elections on October 28. The results could further weaken an already shaky Government. The right-wing Conservative Party is confidently expecting to make gains, while blacks are expected to show their refusal to accept Pretoria's imposed solutions by abstentions.

The Government hoped that a consumer boom would improve its electoral chances. Similar considerations led the Government to raise Civil Service pay by 40 per cent in 1983 to ensure a favourable vote in the referendum on the proposed tricameral constitution. The result that year was a consumer-led mini-boom, against the background of a declining gold price. It culminated in a panic-stricken emergency package in July/August 1984. This pushed prime rate to a record 25 per cent and ushered in a steep recession — and two years of violent black revolt.

Given the high costs of past boom-to-bust policies the monetary authorities vowed to act promptly to head off a repeat performance once money supply, balance of payments and inflation indicators started flashing warning signals earlier this year. But because of political reluctance to sanction a slow-down it did not happen promptly or firmly enough. An initial one point rise in Bank Rate to 10.5 per cent on March 9 was followed by another one point hike a month later; commercial bank prime rates rose to 15 per cent. With inflation at around 13 per cent this meant that real interest rates — negative for months — finally became positive. These higher rates were accompanied by a 20 per cent rise in hire purchase deposits.

The package was inadequate to dampen a sharp surge in consumer spending, which took off towards the end of the third quarter of 1987. It was fuelled by a rapid increase in credit-financed private expenditure, which soared 28 per cent in the first quarter of this year.

The net result was a R5bn (£1.2) surge in imports over the first six months of 1988 against the background of a declining gold price and flat exports. The first half trade surplus plummeted to R3.4bn from R7bn in the first half of last year. Meanwhile, the latest preliminary money supply figures for June indicate that M3 rose nearly 25 per cent from the same month last year, well outside the target range.

Pretoria hopes that last weekend's package will curb domestic demand and shave imports by around R1.5bn in a full year. It is made np of higher petrol prices, tighter hire purchase terms, a new schedule of import charges of up to 60 per cent on many consumer and industrial products and a limit of R300,000 on the repatriation through the commercial rand of profits and dividends on emigrants' frozen funds.

To soma extent this is a belated closing of the stable door. The horse, in the form of damage to the balance of payments and the reserves, has already bolted. Tha reserves fell by nearly ten per cent or R540m in June to R5.65bn and the Reserva Bank had to pledge over one million ounces of gold to raise foraign exchange through gold swaps. The decline continued in July when reserves dropped a further R84m. In dollar terms this brought the gold and currency reserves down to just under $2.3bn, a 28 per cent drop from the $3.17bn at the end of 1987.

According to Dr Gerhard de Kock, Governor of the Reserve Bank, tha current account improved over tha second quarter, reflecting the belief of soma economists that the import boom was petering out under the influence of a 14 per cent decline of the rand over the first seven months of this year.

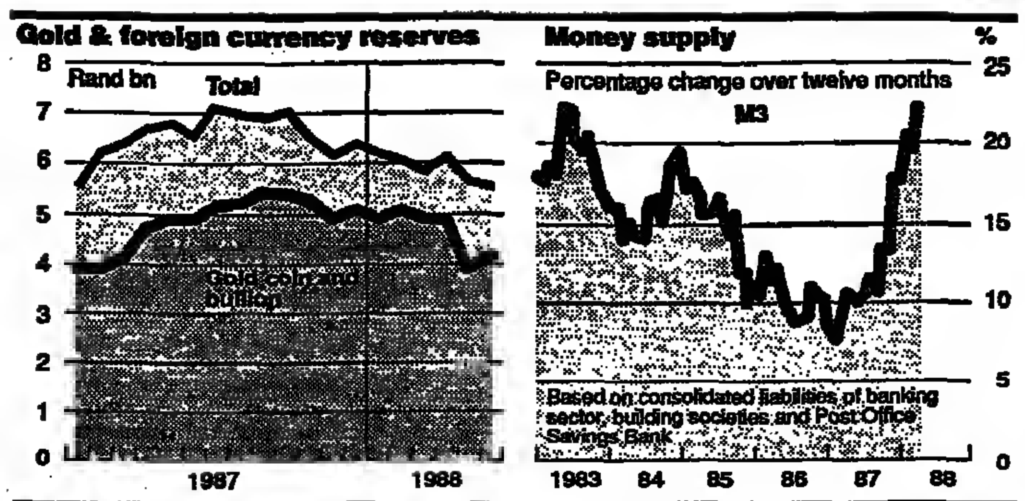
The problem is that pressure on the current account has been compounded by a serious deterioration on capital account. In addition to official debt repayment of over R500m in June, in the second quarter there was a further capital outflow of around R1.5bn.

Political and financial factors both played a part. Political confidence was sapped by the three day work strike by millions of blacks in early June in protest against "union-bashing" labour laws and the February ban on 17 anti-apartheid opposition groups. This was accompanied by an international outcry against the government's handling of the Sharpeville Six and the Mandela pop concert.

Both focused world attention on South Africa's repressive internal policies — underlined by the re-imposition, in a harsher form, of the state of emergency on June 10. This coincided with the rising dollar, higher UK and other interest rates and the declining gold price to put further pressure on the rand.

The latest austerity package underlines the fact that as a political pariah state the South African economy cannot expand faster than three per cent a year without coming up against balance of payments constraints — failing a sharp and unexpected rise in the gold price or a similarly unlikely improvement in the terms of trade. (South Africa is still mainly a primary prodncer dependent for 80 per cent of its hard currency earnings on the export of gold, diamonds, platinum and other minerals.)

South Africa's problem, says Dr de Kock, is that it has been forced to play the economic game without a back-stop.



Balance of payments current account — Rand million

	1987 1st qtr	1987 2nd qtr	1987 3rd qtr	1987 4th qtr	1987 Year	1988 1st qtr
Merchandise exports	23,882	24,468	24,810	27,424	25,146	26,300
Net gold exports	18,390	17,043	17,911	17,824	17,792	18,530
Merchandise imports	-26,409	-27,370	-28,817	-30,684	-28,320	-36,780
Net service and transfer payments	-8,631	-8,305	-8,424	-8,504	-8,466	-8,460
Balance on current account	7,232	5,836	5,480	6,060	6,152	- 410 *

Seasonally adjusted annual rates. Source: S. African Reserve Bank. * 1988 2nd qtr total: 960

Ever since foreign banks refused to roll over credits and ran for the exit in August 1985, South Africa, already bereft of new IMF and world bank loans for political reasons, has been deprived of new bank credits, apart from a few trada related items. "As a result we have no alternative but play safe and run a current account surplus, even though that means lower growth and employment," said Dr de Kock.

What the last 12 months of accelerating growth have shown is that anything over three per cent growth is incompatible with the kind of surpluses required to honour the March 1987 three-year debt agreement. Under this agreement with its leading creditor banks South Africa undertook to repay $1.4bn of its "frozen" $14bn debt by June 1990, as well as servicing the total debt, which stands at around $21bn.

For three years South Africa was able to re-pay debt on this scale thanks to a decline in average living standards and a combination of a higher gold price, domestic recession (which curbed imports) and rand depreciation.

Briefly last year the economy showed rising growth, declining inflation and a sizeable surplus on the current account of over R6bn. Now the prospect is for a sharp decline in growth over the second half, accompanied by higher inflation as rand depreciation and higher taxes raise costs on a declining volume of output.

The only silver lining on the near horizon is the still uncertain prospect of an end to South Africa's 13-year involvement in the Angolan civil war and related costs of subsidising the Namibian economy. The war is believed to have been costing around R4bn over the last year of intensive military operations against the Cuban-backed Angolan government forces. It is part of a growing burden of security-related spending. Although the 1988 budget planned to keep the rise in overall spending to 12.9 per cent, below tha increase in inflation, military spending was budgeted to rise 22 per cent to R8.2bn out of a total spending of R53bn.

Thanks to the United Nations arms embargo and a decade of feverish efforts to become self-sufficient in arms, the state arms corporation Armscor and the private sector sub-contractors have created a large export industry.

South Africa is now believed to export an estimated $1bn worth of arms annually to 23 countries, including both sides in the Iran-Iraq war. In doing so, the armaments industry has become the country's largest manufacturing exporter. At the same time Sonth Africa has also invested heavily in prodncing oil and chemical feedstock from poor quality, locally produced coal and in other sanctions-bnsting, import-substituting ventures.

But the net result of heavy capital expenditure of this kind — coupled with steadily rising government expenditure on the homelands, the apartheid-induced industrial decentralisation in remote areas, the ethnically sepsrate schools, bousing, bureaucracles and parliaments — has been a steady decline in the productivity of labour and capital. In the past decade, this has risen, on average, at between one and two per cent a year. With the population rising around 3 per cent a year and government spending rising to 37 per cent of gross domestic product, the result has been declining living standards, higher taxes and inflation three to four times the OECD average.

Failing a dramatic breakthrough in the internal political stalemate, matched by a new era of peace and reconciliation with Sonth Africa's neighbours and the rest of the world, many business and government economists believe the country has little choice. It must try to build up new export industries, continne with import replacement and forge ahead with long-term plans to privatise the public sector.

Governmant policy is to accompany this by de-regulation and promotion of small, especially black, businesses and tha reform of the tax system. The hope is that faster, domestically generated economic growth will help create a black skilled working and middle class, to allow the quiet but unspectacular erosion of apartheid to continue and gather speed. It looks like a hard grind ahead.

LOMBARD

1992 threat to southern Europe

By Bruce Clark

AS EUROPE'S politicians nurse their people through the trauma of losing sovereignty, there is a wonderful conformity to national stereotype in their choice of tranquilliser.

Mrs Margaret Thatcher, the UK Prime Minister, says integration is not happening — and because bar nationalist credentials are good, the British believe her. Shift the scene to the dusty public squares of the Mediterranean region, and Mrs Thatcher's nursery language is out of place. The rhetorical traditions of southern Europe call for a different illusion. There the approach is to make clarion calls for a brave new European world, and play down tbe short term side effects.

European integration will mean painful upheaval for the societies of Spain, Portugal, southern Italy and Greece. Contradictions will be sharpened: rationalism, meritocracy, dne process — the "above board" — will clash head on with cronyism, graft — the "below board".

Sbrewder southern European politicians realise this. They also know the value of 1992 as slogan and as alibi. They see how 1992 can set the rhetorical scene for a new efficiency (this time without fascism), and bow tbey can silence the victims of this process by pleading impotence before Brussels. So they speak of the "challenge" of 1992 — which challenge can also mean "problem" or "threat."

The southern European system mixes pluralistic trappings with pre-industrial forms of social organisation:

- Administrations which do not work, either as efficient collectors or as rational distributors of money; political parties fulfil both these functions;
- Public sectors which provide salaries — and bribe opportunities — for tbeir employees, rather than services, telephones or drains for anybody else;
- Government which tells hotels what to serve for breakfast but cannot stop food-poisoning; government whicb decrees high taxes but cannot collect them.

Where government fails, political parties "succeed" both as collectors and disbursers. They collect bribes, and distribute jobs, contracts, and favours which make up for tbe inadequacy of government *qua* government. Thus the failures of a welfare system can be mitigated by the politician wbo secures a "disability benefit" for a healthy constituent or a "seaman's pension" for a poor land-lubber.

1992 tbreatens tbese cosy arrangements. The strongest pressure is budgetary: you cannot have huge deficits *and* free capital movement. Nor can you simply print money. Governments will have to collect tax and citizens pay it.

Old-time politicians will lose out. Vigilant Germans will prevent tbem awarding public works to cronies or cousins. Competitive reality will prevent them putting incompetent friends in charge of public corporations. Entrenched interests — ancient conspiracies of mediocrity — will feel the icy wind. Millions of idle pen-pushers — and their incompetent bosses — are threatened.

Black economies confnse planners and frustrate tax-collectors, but they are a cushion against hardship. A look at the nominal wages of these countries prompts us to ask how people could live if there were no *pluriempleo* in Spain, no *doppio lavoro* in Italy, no *polythesia* in Greece — in short, if it were not possible to be paid for two jobs, without necessarily doing either?

Trans-national competition is causing a new business class to emerge in southern Europe, supplanting older ones which built their position on protectionism or state patronage. At the other extreme, an underclass is being relegated to tbe Enropean economic margin: unemployment in soutbern Italy is 20 per cent and rising; in Andalncia it is 30 per cent. Will 1992-related growth come soon enough to absorb these people? And can the underclass be trained fast enongh to benefit?

To give the answer "yes," southern European politicians would have to be congenital optimists, which (for all their nonsense) they are not. No wonder they are drawing on their rhetorical talents.

LETTERS

Businesses can change over time

From Mr Andrew Campbell.

Sir, "When the 'core' is disposable" (Leader, August 12) acknowledges that "the corporate centre can, with any degree of effectiveness, perform only a limited repertoire of roles"; a concept which, you point out, is causing dramatic changes in the portfolios of large companies.

The "grand-scale diversifiers" can no longer rely on good general management skills to run their portfolios. If they are to win in the battle for corporate control they must develop superior specialist skills in managing certain types of businesses. These then become the "core".

The article, however, makes one error in the picture painted of the future of large multi-business companies.

It argues that companles should commit to their core bnsinesses once they bave defined them. This fails to recognise that the characteristics of a business can change over time. An emerging high technology engineering product is likely to becoma a mature, commodity oriented basic product as the industry life cycle advances. If a company is specialising in high tech engineering prodncts it will not be an effective parent for the business when it has become mature.

In the future, we can expect to see companies disposing of businesses which were previously identified as "core" businesses, but have now changed in such a way that the parent company no longer has the appropriate management style. In other words, we can expect to see large companies continue to buy and sell important businesses even when the current period of pass-the-parcel has settled down.

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1 Kingsway, WC2

If intended for publication, letters to the Editor of the Financial Times should include, where possible, a daytime telephone number.

If the TV structure alters, so will programming

From Mr Robin Foster.

Sir, Mr Kenneth Miles (Letters, August 11) is being somewhat disingenuous when he says that "whatever the structure of broadcasting, the content of programmes will eventually always depend on programme makers and programme schedulers — not on advertisers, politicians or shareholders."

The character of broadcasting througbout the world is determined by bow it ia financed and how it is regulated — with the interests of programme makers often of relatively minor importance. The balance of power between finance and regulation plays a large part in influencing the nature of programmes which are broadcast.

The current structure of UK broadcasting, for example, explicitly promotes the provision of a diverse range of programme types catering for both minority and majority tastes. Commercial television output is regulated (by the Independent Broadcasting Anthority) to ensure that certain types of programme, such as serious current affairs or documentary productions, are shown at peak times.

A quick glance at the costs of prodncing such programmes compared with tha audience ratings they achieve should be enough to convince that such programmes would not be shown by unconstrained profit maximising television companies. ITV companies can afford to meet such costly obligations because they earn above-normal profits from their monopoly in the sale of regional television advertising.

If this structure alters, introducing more competition among advertiser-financed channels and financial bidding for television franchises, then the nature of programmes shown will change.

Commercial television channels will be less able to cross-subsidise highly regarded but low audience programmes; they will need to formulate schedules to deliver maximum audiences to advertisers at the lowest possible cost. Various economic studies have demonstrated that, so long as there are relatively few competing commercial brosdcasters, it will almost always be in their interests to schedule mass appeal programmes rather than specialist programmes.

Viewers might, as a result, benefit from more cboice between channels — but they would have access to a more limited range of programme categories than now.

If we are to move towards a more competitive, less regulated broadcasting environment, therefore, there needs to be a recognition that programme output will change. New ways of ensuring that quality programmes are made and shown will need to be found, perbapa by more explicit public financing of those programmes considered to be of high social value, or by a re-think of the role of the BBC.

This important task will not be helped by claims that radical changes in broadcasting structure will leave everyone better off. There will no doubt be some important gains from more competition, but because of the imperfect nsture of broadcasting markets there will be significant losses — unless new methods of support for uneconomic bnt socially desirable programmes are found.

Robin Foster,
National Economic Research Associates,
18 Park Street, W1

Consumer goods are the main problem

From Mr David Walton.

Sir, Messrs Skeoch and Haccha (Letters, August 5) charge you with making either an elementary error or a statistical sleight of hand in your leader (July 28) analysing the reasons for the current account deterioration.

A complete analysis of the data, however, supports your contention that it is the recent behaviour of consumer goods — particularly cars — and not capital goods that gives most cause for concern.

It is certainly true that imports of capital goods have risen strongly: up 20.6 per cent in the latest year. Imports of all other types of manufactured goods have been rising rapidly too.

More importantly, no analysis of the current account is complete without examining developments in export volume. It is here that an interesting dichotomy has developed between the behaviour of exports of consumer and capital goods.

The volume of capital goods exports has not only kept pace with import volume - up 20.4 per cent in the latest year - but, in the latest quarter, exports of capital goods have actually increased by almost three times as fast as import volume. By contrast, exports of passenger cars are down 5.1 per cent in the last year, while exports of other consumer goods are down 2.2 per cent.

As a result, the smallest contribntion to the worsening trade balance has come from net exports of capital goods, which have declined by just £94m between the second quarter of 1987 and the second quarter of 1988. Net exports of consumer goods have worsened by £661m.

The comparison is even starker between the first and second quarters of 1988. Over this period the manufacturing trade balance declined by almost £500m, despite a positive contribution from net exports of capital goods of £275m.

In other words, the recent sharp deterioration in the balance of payments is mnch more because of the misbehaviour of consumer goods than the rather good performance of capital goods.

Recent Confederation of British Industry (CBI) surveys show a significant tightening of capacity constraints in the consumer goods industries in the last 18 months, while in the capital goods industries they have remained reasonably low. Capacity constraints in the motor industry, in particular, have tightened phenomenally. This suggests that excess consumption has contributed more than strong capital spending to the recent balance of payments deterioration.

The correct course of action is neither to ignore the symptoms nor to allow the pound to depreciate — from an already competitive level — but to rein back excessive demand growth.

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FINANCIAL TIMES
Thursday August 18 1988

Republicans stunned by choice of Quayle

By Stewart Fleming and Lionel Barber in New Orleans

THE DECISION of Mr George Bush, US Vice-President and the certain Republican candidate in November's presidential election, to select the unknown Senator Dan Quayle of Indiana as his running-mate has stunned Republicans and fuelled apprehension about the party's electoral prospects.

Vice President Bush defended his choice of Senator Quayle yesterday saying "He is a rising star of the Republican Party (who) will help our cause in every part of the country." Mr Quayle, standing alongside the Vice President in the Mardi Gras Ballroom of a New Orleans hotel, said he was excited to be running, adding that Mr Bush and the Republican ticket stood for "hope and opportunity for the future."

But he showed signs of defensiveness when questioned about his decision to join the National Guard in 1969 rather than fight in the Vietnam War.

Mr Bush faces the challenge of convincing a sceptical audience awaiting his keynote address in New Orleans tonight that he has made the right choice and knows where he is leading the Republican Party.

Mr Bush's dilemma was that several potential running mates dropped out, while others – such as Senator Robert Dole of Kansas and Congressman Jack Kemp – were seen as either too abrasive, too risky or incompatible.

Mr Bush seemed self-assured as he responded to reporters' questions passionately rebutted a question about his description on Tuesday of his three half-Hispanic grandchildren as "those little brown ones" saying "these grandchildren are my pride and joy .... this heart knows nothing but pride and love for these children."

Senator Quayle denied that he had $200m in personal assets as Mr Bush stepped forward to challenge the Democratic opponents to disclose 10 full years of tax returns as he and Mr Quayle intend to do.


Senator Quayle: 'Unknown'

Officials from the Bush campaign said yesterday that they had rejected experienced leaders such as Senator Dole in favour of a conservative who would appeal to young voters and respond to the electorate's desire for change.

"Dan Quayle gives us a bridge to the future" said Mr James Baker, the outgoing US Treasury Secretary who officially takes over today as Mr Bush's campaign manager.

Mr Bush's main campaign theme is that he can offer voters a continuation of the peace and prosperity they have enjoyed during President Reagan's eight years in the White House, but polls show that this year voters also want cautious change.

But the choice of a young, untested, well-heeled midwesterner has drawn mixed reviews from political analysts and delegates. "It's the millionaires' ticket" said one delegate, noting that 41-year-old Senator Quayle's stake in an old-established family publishing fortune is worth tens of millions of dollars. "That makes James Danforth Quayle just as privileged as George Herbert Walker Bush," quipped one political analyst.

There is also unease that once again Mr Bush picked as a political ally a man who is personally compatible but who has a limited record of accomplishments to show for his 12 years in the House and Senate.

But Republican loyalists attempted to counter, saying that Senator Quayle was quick-witted and telegenic. Governor Tom Kean of New Jersey said that Senator Quayle's sharp intelligence and knowledge of the Farm Belt would help Mr Bush in states such as Ohio, Illinois and Michigan.

The Democrat's choice of Senator Lloyd Bentsen of Texas was aimed at strengthening the ticket in the West, reassuring the business community and balancing a conservative with Governor Dukakis, a Massachusetts liberal.

Senator Quayle's anti-abortion views and his advocacy of a strong national defence will shore up Mr Bush's conservative support. But he is not seen as a man who will be a big asset in any political region.

Time takes toll of Prague Spring

Leslie Colitt reports on an anniversary that is arousing little interest

MANY OF the same Czechoslovaks who emotionally supported Mr Alexander Dubcek 20 years ago are showing a remarkable lack of interest in the anniversary on August 21 of the Soviet-led invasion which ended his Prague Spring of reforms.

There was little surprise last month, therefore, when even the visiting, reform-minded, Soviet Prime Minister, Mr Nikolai Ryzhkov, implicitly justified the invasion. He supported the official Prague version dating from the Brezhnev era that the invasion saved Czechoslovakia from a "counter-revolution."

Significantly, though, in neighbouring Hungary, Mr Rezso Nyers, a leading Politburo reformer, recalled in a television panel discussion on Czechoslovakia in 1968 that Hungary had been against the invasion. He noted that Budapest had been forced by "solidarity" with Moscow to send in troops, and paid full tribute to the legacy of 1968.

The mental yawn, however, with which most Czechoslovaks react to the anniversary contrasts vividly with the searing experience of that August 20 years ago.

Entering the city of Plzen then, just after Warsaw Pact troops invaded Czechoslovakia, I found a population which had rallied as seldom before behind its reformist leader, Mr Dubcek.

A policeman on the street agreed to guide me to Radio Free Plzen which was broadcasting its message to the world from "occupied Czechoslovakia". The broadcasters, however, far from being concealed in a forest as assumed in the West, had never moved from the main building of Plzen Radio.

A Soviet army jeep drove slowly past the building at regular intervals but the soldiers never intervened. Dozens of young Czechs holding torches and the red, white and blue Czechoslovak flag, guarded the entrance of the building. No-one could enter without their permission and Soviet troops had orders to avoid needless bloodshed.


Czech students display a bloodstained national flag to Soviet troops in Prague during the invasion 20 years ago

Not until orders came from Prague did the young Czechs abandon their vigil. It was the beginning of a long process of disillusionment, ending in the apathy of today.

Mr Dubcek was replaced as First Secretary of the party in April 1969 by Dr Gustav Husak, the Slovak leader. The restoration of the orthodox Stalinist system proceeded apace. Nearly 500,000 party members were expelled. Only the politically most reliable officials were entrusted with running the nation's factories, offices and institutes.

Apart from occasional statements, smuggled to the West, from an unrepentant Mr Dubcek, the former leader has remained isolated at his home in Bratislava. However, the Italian Communist newspaper, L'Unita, obtained an interview with him last year which indicated the ban had been lifted.

Mr Mikhail Gorbachev, the Soviet leader, had no use for political martyrs in the Soviet Union or Czechoslovakia in his attempt to improve relations with the West.

Subsequently, Mr Dubcek has had several outspoken talks with the Western media in which he noted that his reforms of 1968 had come full circle and were now embraced by Mr Gorbachev. In a recent interview with Austrian television, he called for Mr Gorbachev's reforms to be applied in Czechoslovakia but pointed out that the illegal invasion of 1968 still "weighs heavily" on the Prague leadership.

"I think what is happening in the Soviet Union is well suited for our conditions," he said. "Unfortunately, it comes after 20 years. Twenty years have been lost".

The Czechoslovak leadership responded last week with a vicious attack on him in the party newspaper, Rude Pravo. It accused him of joining forces with "right-wing opportunists" in 1968 and of being a "lackey of reactionary circles today."

The leadership, which could have ignored his remarks, chose to do battle with the retired Mr Dubcek. The result was that Rude Pravo was bought by a good many curious Czechoslovaks who are not normally its readers.

But most citizens did not seem to care either way. They plunged into the enjoyment of their summer holidays and did not wish to be reminded of 1968. Yet Czechoslovaks are fully aware of the paradox that the reforms of 1968 have been resurrected – in one form or another – in Hungary and, more significantly, the Soviet Union.

In his closing speech to the recent party conference in Moscow, Mr Gorbachev himself spoke of achieving a "humane and democratic image of socialism", a remarkable paraphrasing of the Prague Spring's famous slogan of "Socialism with a human face".

In Prague, however, there is little hope that Mr Milos Jakes, who replaced Dr Husak last December, will venture beyond attempts to streamline the badly faltering economy. It will take a future, younger, generation of Politburo members, untainted by the Husak and Brezhnev eras, to carry out meaningful reforms in Czechoslovakia.

Meanwhile Mr Gorbachev is far more anxious to see the rot halted in the Czechoslovak economy and Comecon reformed. He is fully aware that the danger of genuine political reform in Prague is that it might end in a parliamentary democracy which Czechoslovakia had until 1938. But this would imply a far more distant and less dependent relationship with the Soviet Union than at present.

Although Mr Gorbachev has spoken of the freedom of each of Moscow's allies to decide on its own form of socialism, few Czechoslovaks believe he would want to preside over the dissolution of the Warsaw Pact.

Dollar rises in spite of central bank moves

By Ralph Atkins, Economics Staff, in London

THE DOLLAR jumped sharply on foreign exchanges yesterday, shrugging off both central bank intervention and Tuesday's US trade figures.

Dollar selling by the West German Bundesbank and US Federal Reserve failed to stop the US currency rising more than four pfennigs against the D-Mark in London. Against sterling it ended nearly three cents higher.

The rise more than reversed the initial reaction to the disappointing June trade figures. Dealers said prices had been marked down too far, encouraging buying.

Overnight purchasing, particularly in Tokyo, led to the dollar opening two pfennigs higher against the D-Mark in London yesterday.

The central bank action checked the dollar's rise in afternoon trading. The selling was reported to be high profile but modest and it seems to have been designed to slow, rather than reverse, the currency's strength.

The size of the US trade deficit intensified speculation about a further rise in US interest rates, which could underpin its strength.

In London, the dollar ended five pfennings higher than its low point after the figures were released.

The West German authorities are known to be concerned about the D-Mark's recent weakness. There are fears it will hinder the adjustment of global trade imbalances and increase inflation.

The pound also strengthened against the D-Mark yesterday but its movement mainly resulted from dollar trading and it fell against other currencies. Attention in UK markets was focused on today's money supply and labour market statistics.

Trading in equity markets was thin with the FT-SE 100 share index ending 5.6 higher at 1,830.9. There was speculation that the widely-expected base rate rise might not occur as soon as previously anticipated.

In London, the dollar ended at DM1.9125 compared with DM1.8720 at the previous close. Against the yen, it ended at Y134.05 compared with Y132.85.

The pound rose to DM3.2325 compared with DM3.2175. Against the dollar it ended at $1.6900 compared with $1.7190. The Bank of England's sterling index ended 0.3 lower at 76.8.

The FT Ordinary index closed 2.0 higher at 1,475.3.

● The Federal Reserve Bank in New York was seen selling dollars against the West German D-Mark in several waves throughout the morning and succeeded in pushing the currency below its high of DM1.9165, writes Janet Bush from New York.

Currency traders said commercial demand for dollars was strong throughout the morning, with reports of some large buy orders from the Far East, yet the size of the Fed's intervention was described as moderate to small.

At midsession in New York, the dollar was quoted at DM1.9090 and at Y133.90 compared with an earlier high of Y134.25.

US bond prices came under some pressure after rallying on Tuesday. At midsession, the benchmark long bond was quoted 3/8 point lower to yield 9.43 per cent.

On the stock market, the Dow Jones Industrial Average was quoted 9.06 points lower at 2,012.45.

THE LEX COLUMN

The Commission's foot in the door

Whatever the rule book says about the limits of the EC's powers over European merger policy, in practice Brussels appears not to feel too constrained. Having got itself involved in the Irish Distillers battle on the technicality that the bid was made by a consortium, it has subsequently managed to negotiate the ground rules for a new bid from Grand Met alone, which arguably it was not empowered to prevent anyway.

The Takeover Panel, which by contrast has every power to stop such a bid which is a clear infringement of its Rule 25, today faces the ticklish decision of whether to make this an exception. While it must be tempting to play the dog in the manger and thwart Brussels for the sake of it, the Panel seems more likely to wave the new offer through. After all, given the extraordinarily uncertain path that the bid has taken, Irish Distillers' shareholders have never really had the opportunity to consider it on its merits.

Meanwhile Allied Lyons and Guinness must wish they had never heard of Irish Distillers. They retire with knuckles wrapped but hands empty; and while in theory they could make a counterbid, that would only confirm the EC's ruling that the consortium bid was anti-competitive. Even for Grand Met, the game is far from won, as the Irish Government may well refuse to grant it such a dominant share of its own market. And now that Grand Met no longer has the Fyffes 20 per cent in the bag, the way is open to the likes of Pernod-Ricard, if they have finally decided to become interested.

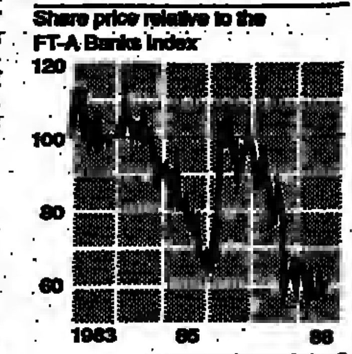
BAT/Farmers

Given the litigious tendencies of the American shareholder, it is scarcely surprising to see that Farmers finds $72 a share the kind of offer which it would ignore at its peril. Surely it is no more than prudent for Farmers to show willing over an offer which represents a multiple of 17 times current year earnings, and a 67 per cent premium to the company's pre-bid share price. But prudence and eagerness are two different things, and although Wall Street clearly adjusted the odds in favour of BAT yesterday – marking Farmers' share price up $8¾ to $67 in early trading – the $5 discount to the offer price must reflect more than just the time value of money. Farmers' obstinacy has clearly so impressed the market that even what appears on the face of it to be a major tactical retreat – the decision to break a seven month silence and get together over a calculator with BAT – was not enough to persuade investors that the deal will be done for a cool $5.1bn.

That it will be done at some price must now look more likely – though BAT's clear willingness to pay even more for Farmers would scarcely encourage the board to conclude the bargaining in a hurry. In the end, BAT may well be able to make another few dollars look like enough; and with the Farmers board on side, it could then set about the delicate business of cajoling the regulators – or indeed, finding a way of getting around those which it cannot persuade.

Standard Chartered

Share price relative to the FT-A Banks Index



Standard Chartered

Given Standard Chartered's urgent need to restore its credibility it could not have afforded to release yet another set of disappointing figures. Nevertheless, a 25 per cent rise in underlying trading profits in the first half indicates that it may at last be hauling itself off its six year profits plateau and should be capable of earning full year pre-tax profits of around £300m. There have been false dawns before, and there is always a worry that it might have scrimped on its bad debt provisions to flatter its short-term performance. That said, the combination of a healthy decline in its cost/income ratio and improvement in net interest margins, shows that the new management team is having some success in squeezing more profits out of a relatively stable balance sheet.

The group is probably getting near to the stage where further staff reductions would hurt its core operations, and if the profit recovery is to be sustained more business will have to be pumped through the slimmed down network. Against this background the continuing delay in repairing the balance sheet ratios is surprising, and can only be explained by the uncertainty about the longer-term objectives of some of the major shareholders, whose support is essential if Standard is to raise the £300m or so needed to get its equity to assets ratio up to a barely acceptable 5 per cent. The sooner this is cleared up the better, since only then will the market be able to focus on the group's undoubted recovery potential. In the meantime, a 9 per cent plus yield and a prospective multiple of less than five should underpin the shares.

WH Smith

The market's continued disaffection with WH Smith is starting to look more like habit than anything else. True, yesterday's profit of £70m would have been a bit higher without the revolution in newspaper distribution, the postponement of the sale of the book club and the weakness of the dollar. However the company can scarcely be blamed for any of that, and seems to be putting it right quickly. The price of the re-negotiated sale seems perfectly acceptable, while half the lost News International business has been made up already. There may be further disruption to London distribution, but not enough to explain the share's 20 per cent fall against the stores sector this year, nor the p/e of under 10.

These results, which show expansion at the rate of five stores a week, volume growth of 4 per cent and increasing margins, still may not fill WH Smith's credibility gap. Those looking for holes will note a disappointing second half at Do It All, and worry lest the rapid opening programme was only part of the reason. Perhaps more than other retailers, the company's promise is in the future when the benefits of £100m a year of capital expenditure are realised, and when it becomes clearer whether its investment in television might turn functional WH Smith into a glamour stock one day. Until then, its accident-prone image may stick fast.

Soviets take a lesson in home truths

Continued from Page 1

ancing of enterprises and taking all of our enterprises out of the command economy.

His tone, though sharper than most public utterances of this kind, is in line with what appears to be an increasingly pessimistic assessment of the vast difficulties of shaking up the Soviet economy.

However, Mr Zarchenko's comments clearly go further than even the generally radical editors of Moscow News think wise: the article, unusually, carries a gentle disclaimer.

Tehran press calls for US ties

By Tony Walker in London

A TEHRAN newspaper closely linked to Ayatollah Khomeini, Iran's spiritual leader, has called for the restoration of ties with the US, amid positive signs of a thaw in hitherto frozen relations between the two countries.

The daily Ettelhaat, which until recently reviled the US as the "Great Satan," said it was time to end the "absence of sound and logical relations" between Iran and the US.

The newspaper's call for a revival of relations coincides with an apparent attempt by Iran's religious leadership to reach out to the West. This follows its decision to co-operate with United Nations attempts to end the Gulf war.

"The necessary grounds for responding to repeated American reqoests for opening of talks can and must be laid by removing the existing psychological, political, legal and economic obstacles between Iran and the United States," the Ettelaat commentary said.

Western observers in Iran recently have been struck by concerns among Iranian officials over the country's isolation and Iraq's success in gathering international support.

Relations between the US and Iran were severed after the downfall of the Shah in the 1979, end the storming by student revolutionaries in November of that year of the American embassy in Tehran. The students held 52 Americans hostage for 444 days.

This action prompted the US to freeze Iranian assets in America worth about $11bn.

The Ettelaat commentary is regarded as highly significant because the paper is controlled by Mahmoud Doaei, a close aide of Ayatollah Khomeini.

Washington has recently called for improved relations with Tehran. On August 1, Mr Marlin Fitzwater, the White House spokesman, said the US had proposed direct talks with Iran

The US, operating through third countries, has been seeking Iran's help in securing the release of nine of its nationals held hostage in Lebanon.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	29	84	Dubrovnik	F	30	86	Malta	F	31	88	Rhodes	S	29	84
Algiers	S	31	88	Edinburgh	F	19	66	Manchester	F	21	70	Rio de Jo	[illegible]	[illegible]	[illegible]
Amsterdam	C	17	[illegible]	Faro	[illegible]	[illegible]	[illegible]	Manila	[illegible]	[illegible]	[illegible]	Rome	[illegible]	[illegible]	[illegible]
Athens	[illegible]	[illegible]	[illegible]	Florence	[illegible]	[illegible]	[illegible]	Melbourne	[illegible]	[illegible]	[illegible]	Salzburg	[illegible]	[illegible]	[illegible]
Bahrain	[illegible]	[illegible]	[illegible]	Frankfurt	[illegible]	[illegible]	[illegible]	Mexico City	[illegible]	[illegible]	[illegible]	San Francisco	[illegible]	[illegible]	[illegible]
Bangkok	[illegible]	[illegible]	[illegible]	Funchal	[illegible]	[illegible]	[illegible]	Miami	[illegible]	[illegible]	[illegible]	Seoul	[illegible]	[illegible]	[illegible]
Barcelona	[illegible]	[illegible]	[illegible]	Geneva	[illegible]	[illegible]	[illegible]	Milan	[illegible]	[illegible]	[illegible]	Singapore	[illegible]	[illegible]	[illegible]
Beirut	[illegible]	[illegible]	[illegible]	Gibraltar	[illegible]	[illegible]	[illegible]	Montreal	[illegible]	[illegible]	[illegible]	Stockholm	[illegible]	[illegible]	[illegible]
Belfast	[illegible]	[illegible]	[illegible]	Glasgow	[illegible]	[illegible]	[illegible]	Moscow	[illegible]	[illegible]	[illegible]	Strasbourg	[illegible]	[illegible]	[illegible]
Belgrade	[illegible]	[illegible]	[illegible]	Guernsey	[illegible]	[illegible]	[illegible]	Munich	[illegible]	[illegible]	[illegible]	Sydney	[illegible]	[illegible]	[illegible]
Berlin	[illegible]	[illegible]	[illegible]	Helsinki	[illegible]	[illegible]	[illegible]	Nairobi	[illegible]	[illegible]	[illegible]	Tangier	[illegible]	[illegible]	[illegible]
Biarritz	[illegible]	[illegible]	[illegible]	H. Kong	[illegible]	[illegible]	[illegible]	Naples	[illegible]	[illegible]	[illegible]	Tel Aviv	[illegible]	[illegible]	[illegible]

Official hails EC action on ties with East bloc

A TOP official of the European Community described as a "historic event" the trading bloc's decision to establish diplomatic ties with the Soviet Union and four of its Eastern European allies, AP reports from Brussels.

Mr Willy De Clercq, the EC's commissioner for external relations, said in a statement that the action was "a step of incontestable importance for the improvement of the commercial climate in Europe."

On Tuesday, the EEC announced that it approved the requests of the Soviet Union, Czechoslovakia, East Germany, Hungary and Bulgaria to establish diplomatic ties with the community.

The requests came after the 12-nation trading bloc and the Soviet-led Council on Mutual Economic Assistance signed a declaration of mutual recognition in June. The Soviet bloc countries had previously considered the EEC as an extension of the Nato defence alliance.

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday August 18 1988

INSIDE

La Générale shakes up the boardroom

After the dust settled in the protracted battle for Société Générale de Belgique, the warring factions have decided to shake up the antiquated management of Belgium's leading holding company, making it more answerable to investors. But for the company's big new shareholders, this is only the first step towards ensuring an adequate return on their costly investment. Tim Dickson reports from Brussels. Page 21

Peru hopes to fleece vicuna black market

Vicuna, the slender, delicate Andean camels that produce some of the finest wool on earth, are at the centre of a long-running battle between conservationists and entrepreneurs in Peru where attempts to reverse decades of poaching and black marketeering are finally showing results. But as the vicuna recover in numbers, their fate will be decided ultimately by market forces and international fashion trends. Barbara Durr in Lima reports. Page 36

Tokyo reviews its options

One of Tokyo's fastest growing markets, that for foreign exchange options, is in turmoil. After growing ten-fold since last summer, the market slumped by more than 60 per cent in July. Corporate investors — mainly Japanese industrial groups — are urgently reviewing their trading procedures, and the Ministry of Finance is considering introducing formal rules to this hitherto lightly-regulated area. Page 22

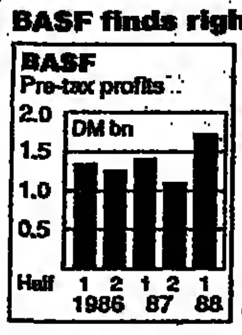
Bristol Water makes a splash

Water, water everywhere and now the chance to sell it. Bristol homeowners are being bombarded by a media campaign offering shares in their local water company, Bristol Waterworks. This is the latest step in the glamorisation of water companies ahead of the Government's privatisation programme. Andrew Hill examines the tough marketing tactics of two small regional advertising agencies in their bid to make a big splash. Page 23

Iberia spreads its wings

Hot on the tail of the proposed SAS deal with Aerolineas Argentinas, the Spanish national carrier Iberia has received an offer to take a 49 per cent stake in the Uruguayan state airline Pluna. Unless Iberia spreads its wings wider, its traditionally profitable Latin American market may be under siege. Page 21

BASF finds right formula



BASF has confirmed the buoyant earnings trend in the West German chemicals industry with a rise in pre-tax profits of 18.2 per cent to DM1.71bn ($913m) in the first half of the year. The group registered a 14 per cent jump in exports, while the domestic market managed a 6 per cent advance. Page 20

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (Dm)

Rises			
Allianz	1532	+	32
Daimler-B.	568	+	18
Henkel	468	+	9.7
Man St	204	+	6.5
Mercedes	530	+	16
Siemens	434	+	9.4

PARIS (Frs)

Rises			
BSN	4961	+	61
Cie Bancaire	447	+	13
Maisons Ph.	67.1	+	4.8
Essilor	2479	+	49
Pernod-Ric.	1072	+	28
Telemech. E.	4105	+	79

NEW YORK ($) at 12.30

Rises			
Amdahl	44 5/8	+	7/8
[illegible]	10		2 1/8
Farmers Grp.	67 1/8	+	3 7/8
Varo	22 7/8	+	3 1/8
Falls			
[illegible]	28 7/8	−	7/8
IBM	114	−	1 3/8

TOKYO (Yen)

Rises			
Tokyu Land	1150	+	150
Sansui Elec	705	+	60
Sumitomo Met	740	+	54
Falls			
Pioneer	935	−	35
Canon Elec	1410	−	70
M'bishi Oil	945	−	35

LONDON (Pence)

Rises			
BAT Inds.	431	+	7
Cable & Wire.	380	+	5
Cadbury Schw	383	+	6
DRG	464	+	5
[illegible]	830	+	8
[illegible]	£10 7/8	+	3/32
Lonrho	240	+	5
Marley	168	+	9
More O'Ferr.	250	+	16
Morgan G'fell	313	+	9
Stand. Chart.	507	+	15
Staveley	177	+	7
Warburg (SG)	313	+	5
Yale & Valor	445	+	10
Falls			
Racal Elec.	318	−	4
Storehouse	233	−	6
VSEL	458	−	15
Ward Hldgs.	160	−	9

EC forces changes in Irish bid battle

By William Dawkins in Brussels and Lisa Wood

THE EUROPEAN Commission yesterday forced the break-up of the three-company British consortium mounting a hostile I£200m (£168m) takeover bid for Irish Distillers (IDC), the first time Brussels has intervened before the completion of a takeover.

However, the Commission is allowing the three companies — Grand Metropolitan, Allied-Lyons and Guinness — the freedom to mount independent bids, although only GrandMet is likely to press ahead with an offer.

A prime factor will be whether it gets the necessary approval to do so from the UK Takeover Panel, which will meet today to consider the situation. IDC will argue before the panel that GrandMet should not be allowed to proceed immediately with a bid.

The Brussels authorities yesterday saw the outcome as a filip for the Commission's efforts to launch an EC-wide merger control policy, now being blocked solely by the UK.

Mr Peter Sutherland, commissioner for competition policy, said: "The Commission's intervention . . . shows that it can and will act quickly and effectively to ensure that collusive practices restricting competition do not take place."

The vehicle for a bid by GrandMet would be GC&C Brands, which was set up by the three companies to launch the original bid. The EC has agreed to a proposal that Allied-Lyons and Guinness sell their stake in GC&C Brands to GrandMet, which could continue with the original offer.

Today's full meeting of the Takeover Panel will consider whether this deal is consistent with its rule-book. IDC will argue that because GrandMet was part of a consortium bid which is being discontinued, under the takeover rules GrandMet should not be free to bid for another 12 months.

The EC, in order to allow full competition, has released FII Fyffes, the Dublin fruit and vegetable merchant, from its commitment to sell its 20.04 per cent stake in IDC to GC&C Brands. This could well open the way for Pernod-Ricard, the French drinks company and a supporter of Irish Distillers, to make an offer for that stake. Pernod-Ricard is understood to hold a stake of less than 1 per cent in IDC.

Brussels, acting at the request of IDC, moved against the consortium on the grounds that it was breaking EC competition rules by using a dominant position to buy IDC at a potentially artificial price. Furthermore, it announced plans to carve up the Irish group's brands, which include Bushmills and Jamieson's whiskeys.

Yesterday's compromise follows a week of three-way negotiations between the consortium, the Commission and the Takeover Panel.

Normally, Brussels can only take action after an anti-competitive takeover has occurred, though it does have the right to clear state subsidies in advance if they form part of a takeover's terms, as in the recent decision to scale down UK Government debt write-offs for Rover.

It could act this time before acquisition because the formation of the consortium, with its plans to carve up the drinks market, was in itself considered enough to distort free competition.

Last week, the Panel gave the consortium a further seven days to resolve the issue before the deadline for increasing its offer — which is tomorrow.

The timetable for the current 1315p per share for ID may have to be reconsidered as the EC's accord gives Allied-Lyons and Guinness a minimum of 28 days to come back with their own bids if they wish.

Under the terms of the accord, should GC&C Brands acquire IDC it could not sell any of the assets within the four months after the deal is completed.

GC&C Brands said last night that IDC shareholders should be aware that at this stage there could be no certainty as to whether the offer would proceed or not.

Capital Ratios

(Equity to assets end June '88)

Barclays	5.6%	Midland	5.2%
Lloyds	5.4%	NatWest	4.9%
Standard Chartered			*3.1%

*3.6% after sale of US bank subsidiaries

White squires, Mr Robert Holmes à Court (left) and Sir Y.K.Pao (top). Standard's Sir Peter Graham (right) and chairman-elect Mr Rodney Galpin

A test of loyalty for the white squires

David Lascelles examines Standard Chartered's recovery course

Standard Chartered wants 1988 to be viewed as the year "when we did something about our problems," says Sir Peter Graham, the executive chairman.

Yesterday's interim results went some way towards bearing that out. After the heavy losses of 1987 which led to a big management shake-up at the international banking group, profits were back in the black, with some key parts of the business like the Pacific region and the UK showing strong growth.

There were also signs that problems in areas of the group like Canada and the Far East, where losses were made, have been corrected, and the bank's Third World loan portfolio is in stronger shape.

The results showed profits of £156m ($268m) at the pre-tax level, up from a loss of £224m in the same period last year, and the dividend is being maintained at 12.5p per share. The stock market rewarded Standard by pushing the share price up 15p to 507p.

But the improvement remained overshadowed by several question marks. When will Standard come to the market with the big rights issue which it needs to get its capital ratios back in order? How will the famous "white squires" who own 37 per cent of its stock respond to a heavy call for cash? And what sort of a strategy will Mr Rodney Galpin, the Bank of England official who succeeds Sir Peter in October, pursue?

Analysts were estimating yesterday that Standard will need £350m to get its capital ratios in line with other UK banks — and Sir Peter was not denying these figures. Some of this will come from retained earnings, but the indications are that a large cash call will come before the end of the year.

The timing could depend on the response of the squires: Mr Holmes à Court of Australia who has just under 15 per cent, the family of Sir Y.K. Pao of Hong Kong which has a similar stake, and to a lesser extent Tan Sri Khoo Teck Puat, the Malaysian businessman with 7.6 per cent. All three came to Standard's rescue at the time of Lloyds Bank's unsuccessful bid in 1986, but have since seen the value of their investment plunge with Standard's losses.

Sir Peter said yesterday that the squires' representatives on the board had been "supportive" of the bank's efforts to strengthen its balance sheet, though he had not yet specifically sought their views on a rights issue.

The Holmes à Court stake is complicated by the fact that Mr Alan Bond's Bond Corporation is in the process of acquiring Bell Group, through which Mr Holmes à Court owns the stake.

The Standard chairman said he had recently had a meeting with a senior representative of Mr Bond who said his company had no plans to sell the stake.

The stock market considers that the white squires' stakes might change hands, given upheavals in both the Holmes à Court and Khoo camps, making Standard vulnerable to renewed takeover. Sir Peter denied that the Bank of England was trying to find new owners for the white squire interests.

He confirmed, however, that the Bank was keen to see Standard raise more capital. He said he was aiming for an equity to assets ratio of 5 per cent. It is currently 3.1 per cent, and will rise to 3.6 per cent by the end of this year when Standard receives the $950m proceeds from the sale of its two US subsidiaries to raise cash.

As Standard gets its affairs back in order, the question of its future strategy looms larger — but it has yet to be sketched out in any detail.

Sir Peter listed the priorities as strengthening capital, improving the quality of the bank's assets, and raising the efficiency of the group. However, Standard will also need to examine its sprawling geographical structure which extends most of the way over former British colonies in Asia, the Far East and Africa.

Standard considers its global reach and strong domestic position in foreign markets to be a great strength, even in tropical Africa which yields steady profits despite the steady devaluation of local currencies and occasional political upsets.

Ironically, the group lacks sufficient earning capacity in the UK to take full advantage of tax offsets, and this will have to be corrected in the years ahead.

Quite what shape Standard adopts for the 1990s will be a matter for Mr Galpin.

However, he said Standard must plan in the expectation that all parts of its business would encounter intense competition, even in so-called "niche" markets.

Because of this he believed that Standard should carefully nurture its existing customer base, and provide services which they wanted rather than those which fitted some pre-set idea of what an international bank should look like.

Belgian insurer buys into Sun Life

BY NICK BUNKER in London

SHARES in Sun Life Assurance Society, one of the UK's handful of stock market-quoted pure life insurers, soared 42p to close at 1255p in very late trading in London last night when it emerged that Groupe AG, the Belgian insurer, has a 5.5 per cent stake in the company.

The announcement from Sun Life instantly revived speculation that the UK life assurance sector is a target for more bids from continental insurers seeking to build a pan-European presence in the run-up to the 1992 creation of Europe's single market.

Mr Peter Grant, Sun Life's chairman, was unavailable for immediate comment.

Mr Grant has been looking for European insurance partners as 1992 draws closer, and has admitted to having held talks about possible joint ventures with both UAP of France and the Toro insurance group in Italy.

However, Groupe AG has not been mentioned before in this connection and officals at Sun Life could not comment last night on whether or not AG's stake-building was related to Mr Grant's plans to develop continental ties.

Mr Alan Curtis, life assurance analyst with brokers Barclays de Zoete Wedd, said: "My gut reaction at this stage is that it would appear to be purely an investment, maybe ahead of a working relationship."

AG is Belgium's biggest insurer with close ties to Societe Generale, the giant Belgian industrial combine. The French investment bank Compagnie Financiere de Suez — another major shareholder in La Generale — has 10 per cent of AG.

AG has indicated in the past that it would seek an insurance partner to allow it to develop more effectively post-1992. Any moves to take over Sun Life would be complicated however by the fact that 26 per cent of the British company is owned by TranAtlantic Holdings, an investment vehicle for Mr Donald Gordon, the South African life insurer.

Mr Grant last year blocked a campaign by Mr Gordon for board representation, after claiming that he was trying to gain control of the group.

Talks between Sun Life and TransAtlantic have been under way in the last 12 months in an effort to resolve their differences. On August 9, however, Mr Gordon said that an acceptable compromise was proving difficult to achieve because of what he called "fundamental differences."

Gotaas-Larsen sells cruise line side for $260m

By Roderick Oram in New York and Karen Fossli in Oslo

GOTAAS-LARSEN, the Bermuda-based shipping company, is selling its passenger cruise business for $260m in a deal which will create the world's largest cruise line in terms of numbers of ships.

The buyer is Carnival Cruise Lines of Miami, which already claims to be the world's largest cruise business with 550,000 passengers carried last year. Included in the deal is the world's largest cruise ship, Sovereign of the Seas, which can carry 2,600 passengers and has gross registered tonnage (GRT) of 74,000.

Gotaas-Larsen's main cruise assets are a one-third stake in Royal Caribbean Cruise Lines, which operates five ships, and a 51 per cent stake in Admiral Cruise Lines which operates three ships with a fourth on order.

However Admiral and RCCL, whose other shareholders include prominent Norwegian shipping families and private companies, are due to be merged later this year in a deal that requires ratification by the Norwegian Government. Carnival Cruise Lines will take over Gotaas-Larsen's 36.1 per cent stake in the new company, Royal Admiral Cruises.

The deal is the second major shake-up in the cruise industry within a month. At the end of July, Britain's Peninsular and Oriental Steam Navigation (P & O) bought Sitmar Cruises of the US for $210m, which at the time allowed it to claim the title of the world's leading operator.

Yesterday's announcement came as a surprise to the two Norwegian partners in Royal Admiral, the Norwegian shipping companies I.M. Skaugen and Anders Wilhelmsen. They said that although they knew Gotaas-Larsen was seeking a buyer for its stake, they had no idea that negotiations between it and Carnival had reached such an advanced stage.

The deal with Carnival would make Royal Admiral Cruises the world's largest cruise line with a total of 15 ships, of which seven would be brought in by Carnival. Carnival operates its ships on three, four and seven-day cruises in the Caribbean, Bahamas and along the Mexican coast.

It is also building a large hotel alongside its Bahamas casino. Carnival, listed on the American Stock Exchange, has grown at an annual rate of some 20 per cent for the past five years.

Bertelsmann pays £60m for Smith books stake

By Vanessa Houlder in London

W H SMITH, the UK retail and distribution group, has sold its 50 per cent stake in Book Club Associates, the UK's largest book club, to its joint owner Bertelsmann, the West German publishing group, for £60m ($102m).

The deal is a revised version of one announced a year ago, but which was blocked by the UK Monopolies and Mergers Commission in January.

This time Bertelsmann has undertaken to sell the stake on to a new buyer,in an effort to clear the deal with the British competition authorities. Bertelsmann is thus acting as a middle-man in order to secure a compatible partner. The company said yesterday that it was in talks with potential buyers.

The sale was announced at the same time as W H Smith announced a 10.5 per cent rise in pre-tax profits to £70.6m for the year to May 28.

Under the original deal, Bertelsmann would have had joint control of both BCA and its existing subsidiary, Leisure Circle, the UK's second largest book club.

This arrangement, which would have given Bertelsmann and its partner Les Presses de la Cité, the French publishing group, a 70 per cent share of the UK market, was deemed to be contrary to the public interest.

The terms of the new deal offer W H Smith less than the £69m offered last August. However, Sir Simon Hornby, chairman of W H Smith, described the new price as excellent, given the changed stock market conditions. "It is still a very high multiple and we are still very happy," he said. "We do not see massive growth from book clubs and the capital will be better spent in developing our retail chains."

Bertelsmann has book clubs in 25 countries with a total membership of 22m. In the UK, Leisure Circle has a membership of about 350,000.

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Hewlett-Packard income surges ahead to $192m

By Martin Stanbridge in New York

HEWLETT-PACKARD, the US computer and scientific instruments maker, yesterday reported a 30 per cent advance in third-quarter earnings to $192m or 80 cents a share, from $148m or 57 cents in the same period of 1987.

Revenues were 19 per cent ahead, at $2.43bn against $2.05bn.

Mr John Young, president and chief executive, said: "Looking ahead to the fourth quarter, the outlook is basically positive. We see continued strength internationally, considerable momentum created by our many recent product introductions, and improved product shipments."

He added that because of rising prices of computer memory chips the company had started in July to increase prices of some of its products. So far, shortages of this type of chip had not noticeably affected shipments, but "the supply situation remains uncertain and continues to require active management attention."

The cost of goods sold as a percentage of net revenue increased to 48.6 per cent from 47.2 per cent and operating expenses rose by 15 per cent.

Orders for the quarter reached a record $2.58bn against $2.24bn. International orders rose 27 per cent to $1.33bn but US orders increased by only 1 per cent to $1.2bn.

Mr Young said: "We are particularly pleased with the growth in international orders. Europe and the Asia Pacific region are generating high order levels. International orders so far this year make up 25 per cent of our business."

Revenue from US sales and service rose 12 per cent to $1.18bn, while international revenue rose 25 per cent to $1.25bn.

The group's nine-month earnings moved ahead to $573m or $2.33 a share, from $426m or $1.65 previously. Turnover rose to $7.12bn from $5.81bn.

Firm demand boosts Navistar

By Our New York Staff

STRONG DEMAND for medium and heavy trucks helped Navistar International, the leading US truck maker, to increase third-quarter net profits by 53 per cent to $47m or 15 cents a share, against the $31m or 9 cents earned in the comparable period last year.

Sales advanced by 23 per cent to $976m, from $791m.

The Chicago-based company expects North American demand for heavy duty trucks to rise to 150,000 for the rest of the financial year, up from the 139,000 recorded in 1987. It also projects that medium truck demand will increase by 9 per cent to 195,000 units.

Mr James Cotting, chairman and chief executive, said operating margins were below those of the third quarter of 1987 because of continued production difficulties at new plant and foundry facilities and increased employee pension and medical benefits.

He added that the company absorbed substantial increases in commodity costs, particularly aluminium and steel, which had not been passed on to its customers in spite of high capacity utilisation throughout the industry.

During the third quarter, truck shipments increased by 29 per cent as the company operated its plants at full capacity and reduced the normal vacation shutdown from three to two weeks.

Service parts sales rose 8 per cent and diesel engine shipments to other manufacturers increased by 4 per cent.

For the first nine months, net income totalled $162m or 55 cents compared with a net loss for the period last year of $21m. Sales moved ahead by 17 per cent to $2.95bn, from $2.53bn.

Navistar's shares eased yesterday morning by $⅛ to $5⅞.

Polaroid rejects improved terms from Shamrock

By Our New York Staff

POLAROID, THE US instant photography group, yesterday unanimously rejected an improved offer from Shamrock Holdings, an investment group, of $40 per share and a 40 per cent stake in the proceeds of any recovery which results from its litigation with Eastman Kodak.

Polaroid also announced it was lowering the ownership level for the trigger point in its "poison pill" defence from 40 to 20 per cent.

Toys 'R' Us posts strong gains after six months

By Our New York Staff

TOYS "R" US, the world's largest toy retailer, yesterday reported a rise in second-quarter net earnings to $23.1m or 18 cents a share, up from $16.65m or 13 cents in the year-ago quarter. Sales were $170.2m ahead at $686.8m.

Mr Charles Lazarus, chairman and chief executive of the New Jersey-based group, said: "We are pleased with the increase in our sales and earnings. Our position as the dominant toy retailer offering the best value, selection and service for the consumer is enabling us to expand our market share and increase our earnings."

Mr Norman Ricken, president and chief operating officer, said store expansion plans were on target with two Toys "R" Us stores in the US having opened this year.

Net earnings for the first half came to $45.61m or 35 cents compared with $31.17m or 24 cents previously. Sales passed the $1bn mark, with $1.39bn against $990.59m.

BASF lifted by chemical sector buoyancy

By Haig Simonian in Frankfurt

GROUP PRE-TAX profits at BASF, the West German chemicals conglomerate, rose by 18.2 per cent from DM1.44bn ($770m) to DM1.71bn in the first half of this year, confirming the current buoyant earnings trend in the West German chemicals industry.

Group sales increased by 6 per cent from DM20bn to DM21.6bn with the rise in turnover more marked at parent company level, where exports increased by 14 per cent to DM6.8bn and domestic sales climbed by 8 per cent to DM3.5bn.

BASF said: "There is no sign at present of any impairment to the good business conditions.

"Both the flow of new orders and the current order book are well above last year's levels, while the decline due to the holiday period is also less marked than last year."

BASF shares climbed DM6.20 to DM263.20 in Frankfurt yesterday, with sizeable increases in the share prices of Hoechst and Bayer.

Hoechst announced a 30 per cent increase in group pre-tax profits to DM1.94bn earlier this month, while Bayer has yet to report its half-year figures.

BASF said business in the second quarter had confirmed the positive trend, with steady sales prices contributing to its "pleasing" results.

Capacity utilisation levels were already high and had risen further, it said. The consequent possibility of some delivery bottlenecks struck the only real jarring note in the report.

Profits and sales in chemicals, plastics, dyes and refining products were "positive," with plastics showing the highest growth rates.

The company is expecting a further boost in dyes and refining products in the second half of the year following its purchase of Polysar's worldwide dispersion business.

The market for agricultural products, which has been difficult for most chemicals companies for some time, had "improved slightly."

INTERNATIONAL COMPANIES AND FINANCE

La Générale enters a modern age

Tim Dickson on a shake-up at the Belgian holding company

Plans unveiled this week for a shake-up in the antiquated management structure of Société Générale de Belgique provide the first clear evidence that shareholders who bought into the Belgian holding company during a bitter takeover battle are now making their mark on it.

But the challenge of earning an adequate return from their new acquisition has only just begun for the French investment bank Compagnie Financière de Suez and its hitherto bitter rival, Mr Carlo De Benedetti, the Italian businessman.

The two sides publicly buried their differences and agreed to work together in June after a dramatic takeover battle in the first half of this year.

According to analysts in Brussels, the greatest financial pressure by far rests on Suez, which is thought to have paid a hefty price for the privilege of gaining control of the widely diversified 166-year-old group.

Mr De Benedetti, for his part, may have lost some of his pride during the fight but the terms on which he sold a major part of his stake to the French investment bank and its Belgian allies enabled him to emerge from the settlement claiming a profit on the deal.

He retains a little over 16 per cent in the Belgian company and will play an important role in its future plans as a vice-chairman and almost certainly as a member of a new strategy-setting committee.

Over the summer, Suez is reported to have been exercising its new influence at all levels of the company. But this week's publication of proposed alterations to the company's statutes, to be put to an egm in early September, are the first pnblic indication of the changes.

Many of the revised articles simply bring the company up to date with changes in Belgian law, but the vital significance is the laying to rest of La Générale's long-standing system of management, comprising a governor and a group of directors nominated from within the company.

The key figures in future will be a new managing director, widely expected to be Mr Herve de Carmoy, a former Midland Bank director, and the president or chairman and other members of a new executive committee, responsible to the board.

Herve de Carmoy: tipped to be managing director.

Etienne Davignon: tipped to be president

Viscount Etienne Davignon, a former EEC commissioner, has been widely tipped for the position of president. The effect will be to make management more answarable to shareholders, while other changes hint at a more "hands on" management approach to the company's still sprawling portfolio.

Apart from these changes, La Générale and its new owners have revealed little about their strategy. Speculation is nevertheless keen as to how Suez will tackle the short and long-term financial problems it faces.

The short-term question is bow to reorganise the assets of Sodecom, the company through which it controls 18m of the 42m shares of La Générale in issue and which is saddled with heavy financing charges on what one broker estimates as its BFr60bn ($1.5bn) of debt.

Dividends from La Générale are clearly insufficient to cover this and with only BFr2bn-BFr3bn of its own equity, the feeling is that Suez will soon fulfil its commitment of June to put some shares back on to the market. Sodecom's other asset is a 10 per cent stake (worth about BFr5bn) in Groupe AG, the leading Belgian insurer, and the theory in Brussels is that this could be sold to foreign investors.

AG, whose chairman Mr Maurice Lippens played a decisive role in rallying Belgian support for La Générale and frustrating the ambitions of Mr De Benedetti, has already made clear that it is seeking a non-dominant insurance partner to help exploit the opportunities presented by the EC's unified financial services market as well as more passive non-Belgian institutional investors.

The name of Groupe Victoire, the French company linked to Suez whose negotiations with the UK's Royal Insurance group broke down last week, has been mentioned.

In the immediate aftermath of the struggle for La Générale, it was conventional wisdom that the new owners would probably seek buyers for the company's so-called lame dncks — notably Fabriqne Nationale (FN), the armaments manufacturer in which it has a more than a 50 per cent stake, Gechem, the chemicals, explosives and polyurethane foams concern (around 52 per cent), and ACEC, the struggling engineering and electronics business which La Générale controls through Cedee.

A more popular theory is that the current restructuring of these companies will proceed under La Générale's wing but that buyers conld be sought for the profitable divisions. The polyurethene and fine chemicals side of Gechem and the leisure equipment activities of FN are examples. ACEC's huge debts and the political sensitivities in the Socialist heartland of Wallonia snggest that developments there are likely to be more cautious.

The main temptation for the new management, as many observers see it, will be to sell sound, well-managed companies which do not fit into its strategy or offer obvious synergies with Suez and its associates.

Among the qnoted candidates talked about in the market are Pabeltec, the paper and plastic processing group in which La Générale and the West German Feldmühle group each own about 25 per cent and which is currently capitalised at around BFr4bn; CFE, the civil engineering and public works company in which the French company Dumez last year took a 20 per cent stake and in which La Générale retains some 24 per cent; Finoutremer, a holding company with stakes in finance, energy and car sales where La Générale holds around 40 per cent and where talks are thought to be taking place amoj leading shareholders on ways to realise better its underlying value; the shipping company CMB (where La Générale has a 50 per cent stake worth BFr4.8bn); and CBR, the internationally diversified and increasingly successful cement company where La Générale has a 38 per cent stake worth a little under BFr10bn.

Rumours swirling around the last two — which have helped propel their share prices since the start of the year over 50 per cent higher in CBR's case and just under 70 per cent higher in CMB's against a market average gain of about 35 per cent — are most intriguing since they have been clearly identified as key strategic sectors in the past. Managements of both companies are believed to be contemplating a buyout as an alternative to a sell-off if it comes.

Viag confident over outlook

By Andrew Fisher in Frankfurt

VIAG, the West German energy, aluminium and chemicals group in which the Government recently sold its remaining 60 per cent stake, is on track for higher profits this year after a buoyant first half.

Group turnover rose by 7 per cent to DM4.5bn ($2.4bn) in the first six months and net profits were also higher, the company said in its interim report. Sharp turnover rises in the aluminium and chemical sectors more than offset a downturn in energy where business, especially in natural gas, was affected by the mild weather in the early months of 1988.

The Bonn-based company said it expected a continuation of the favourable business trend in the second half, with net income set to rise for both the parent company and the full group. In 1987, group net profits increased by 16 per cent to DM191m despite a near 3 per cent drop in sales to DM8.4bn.

In Viag's biggest division, aluminium, which accounts for just over half of total business, turnover was 13 per cent higher at DM2.4bn. Energy, accounting for 33 per cent, showed a 5 per cent decline to DM1.5bn, while chemicals (15 per cent) were 15 per cent higher at DM655m.

The sale of the remaining publicly-owned stake in Viag — the Government had 47.4 per cent and the Kreditanstalt für Wiederaufbau 12.6 per cent — raised nearly DM1.5bn in May. The first stage in Viag's privatisation took place just over two years ago.

Statoil profits plunge

By Karen Fossli in Oslo

STATOIL, Norway's troubled state oil company, saw pre-tax earnings almost halved in the first half of 1988 to NKr2.8bn ($40.9m) from NKr4.3bn in the same period last year due to lower oil prices and a lower dollar exchange rate.

Operating revenues declined to NKr27.1bn from NKr28.4bn last year. Statoil's petrochemicals division by far ont-performed other divisions to post a NKr548m operating profit, up from NKr240m.

Marketing and refining operations, however, suffered a sharp fall in profits to NKr78m from NKr287m last year because of low refining margins, especially in Denmark, and continued financial problems with the Mongstad refinery and terminal expansion project, which has experienced severe cost overruns.

Last year's result in this division included gas sales wbich are now under the exploration and prodnction division.

The exploration division experienced operating profits of NKr2.9bn. Investment in the period was put at NKr5.6bn of which NKr2.2bn went towards Mongstad and the remainder for the development of offshore oil and gas fields and transportation systems.

A radical reorganisation this year of the company makes it impossible to make direct comparisons between last year's results and this year's within the different divisions. The company now operates under three divisions: exploration and production, marketing and refining and petrochemicals.

Problems at Mongstad forced Statoil to make write-offs of NKr3bn against 1987 accounts whicb plunged the state oil company heavily into the red last year with a net loss of NKr1.5bn. This compared with net profits in 1986 of NKr1.15bn.

Bergen Bank to launch share issue

By Our Oslo Correspondent

BERGEN BANK, one of Norway's top three banks, plans to launch a one-for-five rights issue that would increase its share capital by NKr302.7m to a total of NKr1.75bn ($256m) to meet new legal requirements for a higher capital ratio.

Norway's minority Labour Government earlier this year passed a law on financing which requires that the banks' share capital must be at least 6.5 per cent of their assets.

Bergen Bank, however, said it aims to maintain a higher level than the minimum set by the law.

Preferential rights to subscription will be given to the bank's shareholders from October 18 while employees are allowed to subscribe for new shares up to NKr13m nominal value.

The subscription is to open November 7 and close on Novamber 21 although the issue price has yet to be set. The new shares will pay a half-dividend on tha 1988 results.

In June, Bergen Bank bought Nevi, Scandinavia's largest finance and leasing company, from the troubled Vesta insurance group for NKr330m and agreed to cancel its NKr1.2bn outstanding borrowings.

Abont a week later, the bank was placed on Standard and Poor's watchlist for potential downgrading of its A1 rating because of the "burden" the Nevi purchase put on the bank.

Aid sought for aluminium plans

By Robert Gibbens

MANITOBA and Quebec are vying for Canadian Federal support for separate internationally-backed aluminium smelting projects.

The Manitoba Energy Authority is negotiating a long-term power contract for a C$800m (US$655m) smelter with capacity of 200,000 tonnes. This is to be built by Alumax, a US-Japanese consortium.

At the same time an international group plans a 250,000-tonne smelter costing nearly C$1bn at Sept Iles.

ISS ahead after first half

By Hilary Barnes in Copenhagen

ISS, the Danish international cleaning and security systems group, increased group pre-tax profits in the first half from DKr68.5m to DKr87.8m ($12.3m) on turnover up by 19 per cent to DKr3.22bn.

After taxation and minority shares, the consolidated net profit increased from DKr46.1m to DKr50.8m. An increase of 20 per cent in sales and a similar growth in pre-tax earnings was forecast for the year.

About DKr290m of the increase in sales of DKr520m came from acquisitions in Belgium, Germany, Sweden and Norway.

The group's US subsidiary, ISS International Service System, had earlier reported an increase in first half pre-tax earnings from $1.27m to $1.31m.

● Operating profits at SDS, the big Danish savings bank, fell slightly from DKr543m to DKr535m in the first half.

SDS said the result remained satisfactory, but tha report contrasted with the other big banks, which have reported substantial earnings increases this year.

Iberia considers stake in Uruguay airline

By Tom Burns in Madrid

IBERIA, the Spanish national carrier, is considering the purchase of a 49 per cent stake in Pluna, the Uruguayan state airlines — hot on the tailwings of the proposed tie-up between Scandinavian Airline System and Aerolineas Argentinas.

Iberia, currently strongly profitable, received the offer from Pluna, and senior Iberia executives travelled to Montevideo last week for exploratory discussions.

If the Aerolineas deal takes off, Iberia can expect to face increased competition in the Latin American market, which has traditionally been lucrative for the Spanish company.

The Spanish airline has a far larger presence on that continent than any other European airline and its only real rival on the routes to the southern part of the continent is the Argentine carrier.

Iberia said Pluna was initially interesting because the Uruguayan airline had a well-developed internal network, but the Spanish airline stressed that negotiations were at an early stage.

Iberia is also reviewing, although apparently with less urgency, a possible stake in Dominicana de Aviacion, the Dominican Republic's carrier, following an approach from that airline two months ago.

Iberia has never before expressed interest in foreign acquisitions but the combination of continued strong profits and of the Scandinavian initiative seems to have whet its appetite.

Another factor behind Iberia's possible acquisitiveness is the prospect of the company's own partial privatisation. The Spanish company went into the black in 1986, posted record-breaking profits of Pta20bn ($165m) last year and seems set to earn even more in the present one.

Profits for the first half of 1988 were Pta6.5bn against a forecast Pta3.3bn. Last year, the company earned just Pta2.67bn over the low season in the first six months.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

Japan pays price for a zero cost option

Stefan Wagstyl on market turmoil resulting from a high-risk trading instrument

The Jspanese foreign exchange options market, one of the fastest growing of Tokyo's newer financial markets, has been thrown into turmoil.

In the wake of the recent rise in the US dollar, corporate investors have suffered foreign exchange losses using s particularly risky kind of option, called the zero cost option.

As a result, companies in the market – mainly Japanese industrial groups – are urgently reviewing their trading procedures and the Ministry of Finance is considering introducing formal rules into a hitherto lightly-regulated market.

After growing tenfold since last summer, to a peak of more than $1bn, daily turnover in the market fell last month to about one third of its previous level, according to the Bank of Tokyo.

Some traders say the market is suffering from the strains of growing too fast. A combination of aggressive salesmen, inexperienced customers and lax supervision encouraged a few brokers to be reckless in the risks they accepted.

Mr Steve Mazloumian, country treasurer at Barclays Bank in Tokyo, says events in Tokyo resembled events earlier in the decade in London and New York. "It's like *deja vu*," he said.

Overseas banks, quickly followed by the Japanese, began trading foreign exchange options over the counter in Tokyo in the last two years.

Japsnese exporters and importers had long tried to control currency risks by using the forward market – where companies buy contracts which oblige them to buy (or sell) foreign currency at a pre-determined date and rate.

Options give a company a right but not an obligation to make use of a pre-determined time and price for foreign currency transactions.

They are often an efficient way to rednce foreign exchange risk, a key consideration for Japan's many exportars and importers. But options can be complex, and they carry hidden risks.

Banks often saw options as a way of establishing a toe-hold with an important industrial company.

Some deliberetely sold options et wafer-thin margins, even as loss-leaders – the so-called *kamikaze* option.

Banks began to promote an especially tempting package, called the zero cost option, which was an instant hit with many clients as it involved no up-front payments.

Normally, a customer pays a bank a fee for an option, rather like an insurance premium. However, banks eliminated this fee by packaging together an option sold by the bank to the customer in return for one sold by the customer back to the bank.

For example, with the dollar at Y125 a client could buy the *right to sell dollars* at Y123 in return for selling to the bank the right to buy dollars at Y128.

This worked well as long as the dollar was going down. But, as Mr Peter Dunkley, country treasurer at National Westminster Bank, says: "You don't get something for nothing."

When the dollar jumped above Y132 in the wake of the Toronto summit of industrial nations in June, buyers of zero cost options sddenly found their banks cashing their Y128 options.

Before the crunch, zero cost options accounted for the bulk of the Tokyo market – anything between 60 per cent and 80 per cent of turnover.

Companies using the market to speculate without underlying holdings of dollars will have suffered heavy cash losses. But, for most groups using options to hedge their dollar holdings, the losses will have been limited to paper losses; the profits lost by having to sell dollars at Y128 instead of Y135.

Mr Yuzuru Kawaguchi, an options trader at Mitsui Trust & Banking, one of the most active Japanese banks in the market, says that trading has declined following the debacle, hnt that customers would be back, since "people forget their mistakes very easily."

However, other participants in the market expect, or hope for, a period of consolidation in which options hrokers and their customers can learn more about handling options.

Foreign companies trading options include Citibank, Bank of America, Goldman Sachs and Morgan Stanley, of the US, and the French group Société Générale. Sumitomo, Dai Ichi Kangyo, Mitsni Trust and Tokai are among the most active Japanese banks in the market, and options are also traded by the large Japanese securities companies.

The biggest single problem they face is finding enongh staff. Trained Japanese-speaking options traders are a rare commodity and training for beginners takes more time than some of the banks have been prepared to allow in the past year.

Meanwhile, the MoF, having to juggle many regulatory balls simultaneously, has yet to impose comprehensive checks in the market. One official says that banks could hring their options products to the ministry for approval on a case-by-case basis. But this procedure is purely voluntary.

Jspanese banks' foreign exchange positions are subject to overall limits on a daily basis. But the way in which positions taken in the options market are calculated is something of a grey area, according to options traders at Japanese banks.

The ministry has its regulatory work cut out as next year foreign exchange futures and options will be traded on a newly created financial futures exchange in Japan, as well as over the counter. This is widely expected to boost turnover and multiply the potential pitfalls.

However, the last thing the ministry wants is to staunch the market'a growth. As the world's largest trading nation, Japan needs access to the most effective ways of managing its exchange risks.

Dollar recovery brings firmer tone to markets

By Dominique Jackson

EURODOLLAR bonds finished the day with a marginally firmer bias yesterday, supported by the dollar's rebound on the foreign exchanges and propelled further by some substantial short covering.

However, dealers reported minimal business, which was restricted to selective professional switching between maturities and coupons.

Business in most other sectors of the Eurobond market was similarly muted, particularly in the sterling-denominated sector where operators were sidelined ahead of today's key UK data including the July money supply.

In West Germany, domestic bond prices ended the day narrowly easier where changed, depressed hy the robust tone of the dollar. D-Mark Eurobonds finished the day unchanged.

On the new issue side, one dollar straight hond did emerge, however, towards the end of the day. Nomura International led a $200m three-year deal at 9⅝ per cent and 101 for e unit of J.Sainsbury, the UK supermarket group and guaranteed by the parent company. This is the horrower's first issue in US dollars.

The bond was launched late in the day at a yield margin of 47 basis points over comparable Treasury issues.

The lead manager reported good demand and from a broad base of investors and not just from the UK institutions which would he expected to pick up the paper. Nomura quoted the issue hid at a discount of 1.35, just within its total fees.

Mitsubishi Finance International led a C$65m five-year issue for a unit of Landesbank Schleswig Holstein, on which the coupon is set at 10⅛ per cent and the price at 101⅞. The bond was priced to yield a margin of 41.4 basis points (hundredths of a percentage point) over comparable Canadian government bonds at launch.

INTERNATIONAL BONDS

The lead manager said it had identified a pocket of demand for the issue which would ensure placement.

The issue benefited from a resilient tone in the secondary market and the deal was hid at e discount equal to its 1⅞ fees.

Syndicate managers at houses not involved in the deal were surprised at the choice of the lead manager for the mandate on the issne which is guaranteed by the Luxembourg branch of the issuing bank.

Secondary Canadian dollar market spreads have recently widened out from the extremely narrow margins seen a few weeks ago as investors have been selling Eurobonds to take profits and have reinvested either in new issues or in the underlying Canadian government bonds themselves. The sector has been under pressure this month due to the absence on holiday of many of the Continental retail investors with whom the bulk of the paper is still placed.

IBJ International was the lead manager on a Y10bn seven-year deal priced at 102.35 for the National & Provincial Building Society which will pay interest at a rate of 55 basis points under the Japanese long-term prime rate. It is not expected to trade widely.

In Switzerland, Swiss Bank Corporation led a SFr100m deal at 4⅞ per cent and 100⅞ for a unit of Commerzbank. The issue, which is guaranteed by the parent, has a 4⅞ year maturity.

Kredietbank (Suisse) was the lead manager on a SFr100m seven-year issue at 4⅞ per cent and 101 for Compagnie Financière de Crédit Industriel et *Commercial* which is 83 per cent owned by the French Government.

New formula for repackaging perpetuals

By Our Euromarkets Staff

PERPETUAL floating-rate notes present a prohlem that, by definition, will not go away. But, as a few securities houses have found, they can be made palatable to a pool of investors if their most unattractive attribute – the fact that they never mature – is disguised in a composite security with an insurance policy thrown in for good measure.

When the bottom fell out of tha market in perpetual floaters in late 1986, the owners of the securities, mostly Japanese banks, found themselves stuck with about $17bn of bonds of which they could not rid themselves without taking losses of 20 to 30 per cent.

While buyers have emerged for some issues, most paper is still trading at discounts of 15 to 20 per cent. However, demand for perpetuals can be broadened by redesigning them into another security entirely, although the exactly right formula has yet to be found.

A widely-publicised offer designed in July 1987 hy J. Henry Schroder Wagg and aimed at helping banks clear up to $1bn of the unwanted securities from their hooks, flopped without a single bond being tendered.

Last December, Merrill Lynch and First Bank Systems, a Minneapolis based bank, offered $140m of securities of a special purpose company, Guarantee Investment, allowing investors to trade their holding for the underlying perpetual note and a zero-coupon bond. The structure has not been repeated.

First Bank Systems and Credit Suisse First Boston have now come up with another twist to the repackaging game, constructing a special purpose vehicle, Muirfield Funding, backed by $100m of perpetual debt from 10 banks.

Like every earlier repackaging, the Muirfield deal melds the perpetuals with zero-coupon bonds to make dated floating rate notes. While perpetuals pay interest hut never principal, zeros are in a sense e mirror image, paying no interest hnt paying principal et maturity.

The package also uses $6m of 10-year zero-coupon Kingdom of Denmark bonds, and zero-coupon World Bank bonds totalling $100m.

The other essential ingredient of the package is an irrevocable guarantee of interest and principal from AAA-rated Financial Security Assurance, a US-based insurance firm.

This time, they think they have the formula right. Philip Burnaman, vice-president at FSA, said that there another offering in the works and similar projects underwey.

Demand for perpetuals from securities houses has already driven prices up so that the repackaged deals may become victims of their own success. Underwriters of the latest repackaging concede that the need to make surreptitious purchases of perpetuals was one of several factors that delayed the issue'e launch.

While underwriters are tight-lipped about how profitable these repackagings are, some insight can be gleaned by looking at secondary market prices. For instance, while Muirfield's new 30-year notes pay investors 50 basis points over three-month London interbank offered rates, the underlying securities, even now, are offering effective spreads of 200 to 250 basis points over Libor.

Furthermore, the equity of Muirfield that will remain after the investors are paid off – $100m of perpetual notes and some of the 10-year zero coupon bonds – is also being sold.

Slowdown for S Korea companies

By Maggie Ford in Seoul

SOUTH KOREAN companies, hit by appreciation of the currency, higher wages following strikes and an increase in raw material prices, have experienced a reduction in the rate of income and sales growth in first-half results reported this week.

Sales across all sectors increased by 12.4 per cent compared with a 15 per cent rise in last year's first half. Net income increased 46.3 per cent compared with 65.1 per cent.

The latest average figure was badly affected by the poor performance of the motor industry. Labour disputes stopped production at all three main manufacturers, leading to s rise of only 3 per cent in sales for the sector compared with 62 per cent last year. A substantially better result is expected in the second half.

The electronics sector saw a slowing in sales growth to 23.5 per cent, from 30.3 per cent last year, and textiles improved by 18.1 per cent compared with last year's peak of 25 per cent.

Cement and steel surged on the hack of a construction boom to record growth of 24.3 per cent and 27.1 respectively, up from 6.3 per cent and 15.4 per cent. Trading companies showed a leap in net income, following the rise in imports and lower servicing costs of dollar-denominated debt.

Preliminary individual results showed wide variations. Of the four companies which have issued convertible bonds on the Euromarket, Samsung Electronics performed better than expected, with an increase in sales of 14.3 per cent and a net income rise of 32.1 per cent to 31.3bn Won ($43.4m).

GoldStar,the other main electronics producer, showed strong sales growth of 33.1 per cent but saw net income fall 16.9 per cent to 12.7bn Won, mainly as a result of a 50 per cent jump in borrowing costs.

Daewoo Heavy Industries, still experiencing a period of adjustment and hit by high yen costs on imported components, posted e 6.3 per cent fall in sales hut e 1.2 per cent rise in net income.

Analysts regard the figures as disappointing by South Korean standards, where rises in sales and profits are often as high as 40 or 50 per cent. Appreciation of the Won will hit further company profitability in tha second half, they believe, although losses from disputes will be reduced, especially in the motor industry.

Two quit Republic NY

MR TONY DYSON and Mr Bradley Rood said they had resigned from their senior positions at Republic New York, the London-based capital markets snbsidiary of Republic National Bank of New York, writes Dominique Jeckson. They cited fundamental philosophical differences over future strategy as the reason for their departure.

Mr Dyson was managing director of the London operation and executive vice-president of the parent company. Mr Rood was a director in London and senior vice-president of the parent bank.

Both joined Republic New York from E.F. Hutton four years ago to develop the company's international capital markets ectivities, concentrating mainly on global fixed income securities, both Eurobonds and government issues, from the London base.

De Laurentiis seeks protection

By Our New York Staff

DE LAURENTIIS Entertainment Group, the film-maker floated two years ago by Mr Dino De Laurentiis, the Hollywood producer, filed yesterday for protection under Chapter 11 of the US bankruptcy code.

The Beverly Hills company has produced a string of loss-making films since its flotation – which raised more than $100m through the sale of junk bonds, shares and units in a limited partnership.

Mr De Laurentiis severed his connection with the company earlier this year.

The new management has succeeded partially in rebuilding the group's finances by, for example, clearing a revolving bank line of credit and selling some assets. But its has been pressed into Chapter 11 by the recent failure of an exchange of notes on which it is in default and several lawsuits alleging nonpayment of debts.

Only the main company is in Chapter 11, leaving several subsidiaries to function normally.

Two of these are the limited partnership and North Carolina Film Studios Inc, a modern production complex built by Mr De Laurentiis in North Carolina.

DEG, which has not made a film this yeer, said Onyx Entertainment, a new subsidiary, would develop existing and newly acquired film and television properties.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on August 17

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	93⅛	93½	-0⅛	+0⅛	9.84
All Nippon Air 9⅛ 97	100	†92⅛	92⅝	+0⅛	-0⅛	10.69
Amer. Brands 8⅞ 92	150	†95⅛	95⅛	+0⅛	-0⅜	10.36
A/S Eksportfinans 7½ 93	100	†90⅜	90⅞	+0⅜	-0⅞	10.03
A/S Eksportfinans 7¾ 92	150	†92⅛	92⅝	+0⅛	-0⅛	9.95
Austria 10 98	100	†102⅛	102⅝	0	-0⅛	9.63
Barc. Bk. Fin. 10¼ 99	200	†99⅛	99⅝	+0⅛	-0⅛	10.50
B.F.C.E. 7 92	150	92⅛	92⅝	+0⅛	-0⅛	9.52
British Telecom 7¾ 96	250	90⅞	91⅜	+0⅛	-0⅛	9.24
Cai. Natl. Telecom 8⅞ 93	160	†95⅛	96⅛	+0⅛	-0⅛	9.64
Canada 9 96	1000	97⅛	97⅝	+0⅛	-1⅛	9.48
Canadian Pac 10¼ 93	100	†102	103	-0⅛	-1	10.05
C.C.C.E 7¾ 91	113	†92	92½	+0⅛	-0⅛	10.07
C.C.C.E 9¼ 95	300	97⅛	97⅝	0	-1⅛	9.78
C.N.C.A 7¾ 91	150	93⅛	93⅝	0	-0⅛	9.59
Credit Lyonnais 9 91	200	99⅛	99⅝	+0⅛	+0⅛	9.24
Credit National 8¼ 93	200	94⅞	95⅜	+0⅛	-0⅜	9.57
Credit National 7¾ 92	100	93½	94	+0⅛	-0⅜	9.44
Credit National 7¾ 91	150	†93⅞	94⅜	0	-0⅛	9.45
Denmark 7¾ 92	500	92⅞	93⅛	+0⅛	-0⅜	9.56
E.E.C. 7 91	100	93⅛	93⅝	+0⅛	-0⅜	9.31
E.E.C. 7¼ 93	250	91⅞	92⅛	+0⅛	-0⅛	9.47
E.E.C. 8 90	350	97⅞	98⅛	0	-0⅛	9.09
E.I.B. 7¾ 93	100	92⅛	92½	+0⅛	-1	9.53
E.I.B. 9¼ 97	150	98	98⅜	+0⅛	-0⅜	9.70
Elec. De France 9 98	200	94⅛	94⅝	+0⅛	-1⅛	9.92
Finland 7⅞ 97	200	88	88⅜	+0⅛	0	10.00
Finland 7½ 93	200	91⅞	92⅜	+0⅛	-0⅜	9.52
Fins. Exp. Cd. 8½ 92	200	97⅛	97⅝	+0⅛	-0⅜	9.37
Ford Motor Credit 8 91	250	96⅞	97⅛	+0⅛	-0⅛	9.37
Gen Elec Credit 10¼ 00	200	100⅞	100⅞	0	-0⅜	10.16
G.M.A.C. 8 89	250	98⅛	99⅛	+0⅛	+0⅛	9.88
Halifax BS 9½ 93	200	†98⅞	99⅛	+0⅛	-0⅜	9.79
Hoesch 8¼ 97	100	†91	91½	+0⅛	-0⅛	9.78
Italy 9 90	1000	99⅞	100⅛	+0⅛	+0⅛	8.98
L.T.C.B of Japan 8 92	100	†94½	95	+0⅛	-2⅛	10.12
L.T.C.B of Japan 8 97	200	87⅞	88⅛	+0⅛	-0⅜	10.20
Mercedes-Benz Cd. 8½ 95	100	†92⅞	93⅛	+0⅛	-0⅛	10.02
Metropolis Tokyo 9¼ 93	200	100	100½	+0⅛	-0⅜	9.40
Morgan Guaranty Tst. 7 90	250	96⅞	97⅛	+0⅛	+0⅛	9.27
Norway 8¼ 93	500	97⅛	97⅝	+0⅛	-0⅜	9.39
Pepsico Inc 7¾ 93	200	†92⅛	92⅝	0	-1	9.43
Portugal 8¼ 91	300	96⅜	97⅛	+0⅛	0	9.65
Prudential Crp. 8¾ 94	125	96½	97	-0⅛	-1	9.49
Qantas Airways 10¼ 95	140	102	102⅛	0	-1⅛	9.93
Saskatchewan 10¼ 92	100	103⅜	103⅞	+0⅛	-0⅜	9.50
State Bk S Aust 9¼ 93	100	98⅛	98⅝	+0⅛	-0⅛	9.68
Swed Exp Cred 7¾ 91	100	†94	94½	0	-0⅛	9.31
Swed Exp Cred 10 92	100	†99⅞	100⅜	+0⅛	-0⅛	9.93
Sweden 7 91	250	93⅞	94⅛	+0⅛	-1	9.27
Sweden 7 92	250	†91⅛	91⅞	+0⅛	-0⅛	9.92
Sweden 8¼ 96	200	94⅛	94⅝	+0⅛	-1⅛	9.79
Sweden 8½ 92	200	†97⅛	97⅝	0	-1⅛	9.31
Victorian Rep 11¾ 92	150	105⅞	106⅛	+0⅛	-0⅛	9.59
World Bank 7 92	300	†93	93½	0	-1	9.35
World Bank 9 97	300	95¼	95¾	0	-1⅛	9.80
Yasuda Trust Fin 8½ 93	100	94⅞	95⅜	+0⅛	-0⅛	9.80

Average price change... On day +0⅛ on week -0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	99⅞	100⅛	0	0	6.02
Avis Fin.SVS 5⅞ 92	100	100	100½	0	0	5.78
Bank of Tokyo 5⅞ 93	100	99⅞	100⅛	0	-0⅛	5.74
Central BK. Turkey 7 92	200	102⅞	103⅛	+0⅛	-0⅜	6.18
Commerzbank o/s. 5⅛ 93	300	98⅞	99⅛	-0⅛	0	5.63
Degussa Int. 6⅛ 97	200	98⅞	99⅛	+0⅛	+0⅛	6.27
E.I.B. 5⅛ 98	150	96⅝	97⅛	0	+0⅛	5.91
E.I.B. 6 97	300	98⅛	98⅝	0	0	6.23
E.I.B. 6⅛ 96	300	99⅞	100⅛	-0⅛	-0⅛	6.16
E.I.B. 6⅛ 97	400	99⅛	99⅝	+0⅛	+0⅛	6.19
E.I.B. 6⅞ 95	300	103⅛	103⅝	-0⅛	0	6.27
Euro.Coal & Steel 5⅞ 97	175	96⅞	97½	-0⅛	+0⅛	6.32
Eurofima 6¼ 96	100	100⅛	100⅞	-0⅛	-1⅛	6.16
Elec De France 5⅞ 97	300	96⅞	96⅞	0	+0⅛	6.29
Forsmark Krtg. 5⅛ 93	200	97½	98	0	0	5.69
I.A.D.B. 6 97	200	97⅛	98⅛	0	+0⅛	6.30
Japan Dev. Bk. 5⅞ 95	300	96⅛	96⅞	+0⅛	+0⅛	6.02
Japan Finance 5⅞ 97	100	94⅞	95½	+0⅛	+0⅛	6.49
Ireland 6⅛ 97	300	99	99½	0	+0⅛	6.61
Korea Dev BK 6⅞ 93	100	103⅛	103⅝	-0⅛	-0½	5.79
Malaysia 6¼ 94	150	100⅛	100⅞	-0⅛	-0⅛	6.14
Nat. West BK. PLC 6 98	300	95⅛	95⅞	0	0	6.64
Nippon Telg.&Tel. 6 95	400	99⅛	99½	-1⅛	-1⅛	6.14
Oesters. Kontbk. 5 93	300	97⅛	98⅛	-0⅛	-1	5.51
Portugal 5⅞ 92	150	99⅞	100⅛	0	0	5.71
Portugal 6⅞ 95	150	102⅛	102⅝	-0⅛	0	6.19
Privatbanken 5⅞ 93	150	96⅛	97⅛	0	-0⅛	6.02
Royal Insurance 5⅞ 92	300	100⅛	100⅞	-0⅛	-0⅛	5.34
Soc Cent Nucleaer 7⅞ 95	150	103⅛	103⅞	+0⅛	+0⅛	6.60
Turkey 6⅞ 95	500	97⅞	98	+0⅛	-0⅛	6.92
Westlb. Finance 5 93	200	†98½	98⅛	0	0	5.34
World BK. 6⅛ 97	600	99½	100⅛	-0⅛	0	6.30

Average price change... On day -0⅛ on week -0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†101⅛	101⅞	+0⅛	+0⅛	4.79
Asfinag 5 03	100	†100½	100⅞	+0⅛	+0⅛	4.94
B.F.C.E. 4½ 98	200	†97⅛	97½	0	-0⅛	4.84
B.M.W.Fin.Neth. 5 13	150	†93⅞	94	0	+0⅛	5.46
Britannia B/S. 4⅛ 94	100	†97⅞	97⅞	0	-0⅛	4.72
Chr Int. W/W 3 93	125	†101	101½	+0⅛	-1⅛	2.87
Credit Lyonnais 4⅞ 00	100	†97⅛	97⅛	-0⅛	-0⅛	5.03
E.I.B 4⅞ 98	150	†98⅛	99	0	0	4.77
Fletcher Chall. 4⅞ 98	150	†97⅛	97½	+0⅛	+0⅛	5.22
Kobe City 4⅞ 98	150	†98⅛	99	+0⅛	0	4.77
Leeds Perm. B/S. 4⅞ 93	200	†98⅛	99	+0⅛	-0⅛	4.39
Malaysia 5⅛ 98	100	†98⅛	99	0	0	5.40
Maxwell Comm.Crp. 5 95	150	†101⅞	102	+0⅛	0	4.67
Nationwide Ang.B/S. 4 93	200	†97⅛	97⅛	0	-0⅛	4.59
Nippon Telg.&Tel. 4⅛ 95	200	†99⅞	100	0	-0⅛	4.27
Oesters.Ktbk. 5 03	75	†99⅞	100	+0⅛	+0⅛	5.01
Rep.National Bk. 4 93	150	†96	96½	0	-0⅛	4.42
Thailand 4⅞ 95	200	†95⅛	95½	0	-0⅛	5.44
World Bank 5 03	150	†98	98½	0	0	5.17

Average price change... On day +0⅛ on week -0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅛ 92	55	100⅛	100⅞	+0⅛	+0⅛	5.23
Belgium 4⅞ 94	45	95½	95⅞	+0⅛	-0⅛	5.52
Canada 4⅞ 92	80	97⅛	97½	+0⅛	+0⅛	5.14
Elec. De France 5⅛ 94	20	98½	99⅛	0	+0⅛	5.38
Ireland 5⅛ 93	30	99⅛	100⅛	0	+0⅛	5.15
Norway 5⅞ 95	50	97⅛	98	0	+0⅛	5.51
Rep. of Italy 5⅞ 92	150	102	102⅛	+0⅛	+0½	5.06
Sweden 4⅞ 93	50	97⅛	97⅞	+0⅛	+0⅛	5.29
World Bank 5½ 92	50	101½	101⅞	+0⅛	+0⅛	5.05

Average price change... On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. BS 10⅛ 93 £	50	98	98⅞	-0⅛	-0⅛	10.76
Alg. Bk. Ned. 5½ 92 FL	150	97⅞	98⅞	-0⅛	-0⅛	6.14
Amro Bank 6⅛ 92 FL	150	100⅞	101⅛	0	0	5.96
Barc. Aust. 14 91 AS	20	101⅞	101⅞	0	-0⅛	13.34
Barc. Bk. 10⅞ 97 £	250	95⅛	95⅞	0	-0⅛	11.00
BP Capital 9⅞ 93 £	100	96⅛	96⅛	-0⅛	-0⅛	10.75
British Airways 10 98 £	100	93⅞	94⅛	-0⅛	-0⅛	11.05
C.I.B.C.Mort. 10⅛ 93 C$	100	†97⅞	98⅛	+0⅛	-1⅛	11.26
Comm.Bk.Aust. 12⅞ 93 AS	100	98	98⅛	+0⅛	0	13.26
Coop.Ctr.Rabo.6⅛ 93 FL	100	100½	101⅛	-0⅛	-0⅛	6.04
Coop.Ctr.Rabo.6 92 FL	200	99⅞	100⅛	+0⅛	-0½	5.92
Denmark 7⅛ 92 ECU	100	100⅞	101⅛	0	+0⅛	7.34
Dixons 11 95 £	90	†98⅛	98⅞	0	+0⅛	11.48
Deutsche Bank 9⅞ 97 £	75	†93⅞	94⅞	+0⅛	-0⅛	10.94
Deut. Bk. Aust. 12⅞ 95 AS	70	99⅞	99⅞	0	-0⅛	12.82
E.I.B 10⅛ 98 C$	130	†96⅛	96⅞	+0⅛	-1⅛	10.71
E.I.B 8⅞ 93 LF	10	100⅞	101⅞	0	-0½	8.32
Elec. France 10⅛ 95 C$	125	†97½	98	+0⅛	-1⅛	10.71
Euratom 7⅛ 97 ECU	145	96⅛	97⅛	+0⅛	+0⅛	7.88
Eurofima 7½ 92 FL	50	†104	104⅞	0	-1	6.13
Fed. Bus. Dv. Bk. 9⅞ 92 C$	75	†96⅞	97⅞	+0⅛	-1⅛	10.77
Ford Cr. Can. 10⅞ 93 C$	100	†99	99½	+0⅛	-1⅛	10.93
Gillette Can. 9⅞ 93 £	70	93	93½	+0⅛	-0⅛	11.44
G.M.A.C. 9⅞ 93 C$	150	†96⅞	96⅞	+0⅛	-1⅛	10.67
G.M.A.C. 9⅞ 92 C$	75	†99⅛	99⅞	0	-0½	9.39
G.M.A.C Aus. Fin. 14 90 AS	50	100⅞	100⅞	+0⅛	-0⅛	13.56
Halifax BS 10⅛ 97 £	100	96⅛	96⅛	0	-0⅛	11.00
Imp Chem Inds 10 03 £	100	95⅛	95⅛	0	-0⅛	10.62
Inv. Industry Int. 10 93 £	60	96⅛	96⅛	0	-0⅛	10.97
Lloyds Bank 10⅛ 98 £	150	94⅛	94⅛	0	-0⅛	11.19
Montreal Tst. 10⅛ 93 C$	100	†93⅞	94⅞	+0⅛	-1⅛	12.41
Mtge. Bk. Den. 6⅛ 91 FL	100	†100⅞	101½	-0⅛	-0⅛	6.23
Nat. West. Bk. 13⅛ 92 AS	50	†99	99½	0	0	13.32
Nationwide BS 10⅞ 93 £	75	97⅛	97⅛	-0⅛	-0⅛	10.84
Ned. Midd. Bank 6 92 FL	150	†99½	100	0	-0½	6.07
New Zealand 9½ 93 £	100	94½	95	-0⅛	-0⅛	10.96
New Zealand 7⅛ 93 ECU	200	100	100½	+0⅛	+0½	7.66
Oesters. Ktbk. 13⅞ 94 AS	75	101⅞	102⅛	+0⅛	0	13.12
Prudential Fin. 9⅞ 07 £	150	88⅛	89⅛	+0⅛	-0⅛	10.75
Royal Bk. Scot. 10⅞ 98 £	125	96	96½	0	-0⅛	11.31
S.O.R. 7⅛ 95 ECU	90	99⅛	99⅞	+0⅛	-0⅛	7.84
Wstd. Lb. Fin. 12½ 93 AS	50	†99⅞	100	0	+0½	12.56
World Bank 5⅞ 92 FL	100	99⅞	100	-0⅛	-0⅛	5.89
World Bank 13⅞ 92 AS	100	†100½	101	0	+0⅛	13.10

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. Bld 94 £	.08	99.69	99.74	21/07	8.33
Belgium 91 US	0	100.34	100.44	22/08	7
Britannia 5 93 £	0⅛	99.59	99.64	10/10	10.37
Chase Manhattan Crp. 91 US	0⅛	99.27	99.48	22/08	6.94
Citicorp 98 US	†0⅛	97.00	97.25	31/08	7.69
EEC 3 92 DM	†0	100.45	100.55	22/08	3.56
Halifax BS 94 £	.1	99.68	99.73	9/08	8.47
Invt. In Industry 94 £	0	99.84	99.94	24/08	7.81
Leeds Perm. B/S. 94 £	0⅛	99.84	99.90	13/01	10.44
Midland Bank 01 £	.1	94.75	95.75	11/08	8.54
M Uk Mkt. Brd. 5 93 £	0⅛	99.59	99.64	30/09	10
New Zealand 5 97 £	.07	100.05	100.15	18/08	7.61
New Zealand 5 01 US	0	99.83	99.93	4/08	6.98
State Bk. Nsw. 98 US	.188	100.16	100.26	11/08	7.09
United Kingdom 5 92 US	†0	100.00	100.10	7/01	7.81
Woolwich Equit. BS. 93 £	0⅛	99.56	99.61	15/07	5.12
Woolwich 5 95 £	0⅛	99.64	99.69	19/08	7.87

Average price change... On day +0.00 on week +0.02

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6⅛ 02 US	8/87	62.	102⅛	103½	+0⅛	33.04
Alco Health 6⅛ 01 US	†7/86	26.25	106	107	0	0.74
Amer. Brands 7⅛ 02 US	9/87	56.7	98⅞	99⅞	+0⅛	19.43
Ashikaga Bank 2⅛ 02 US	4/87	967	125⅛	127	-0⅞	-0.88
Asics 5 92 DM	12/83	472.7	205⅛	206⅞	-3½	2.70
CBS. Inc. 5 02 US	4/87	200.	90	91	+0⅛	13.39
Fujitsu 3 99 US	5/84	1106.	284	285	-0⅞	-0.49
Kinki-Sogo Bk. 2⅞ 03 US	4/88	1069.	122⅛	124⅛	+0⅛	3.13
Land Secs. 6⅛ 02 £	6/87	6.72	95½	96⅛	+0⅞	13.98
MCA Inc 5⅛ 02 US	9/87	69.62	80	81	-0⅛	35.87
Minolta Camera 2⅛ 94DM	2/86	1004.	102⅛	103⅛	-0⅛	19.89
Mitsubishi Bk. 1⅞ 02 US	9/87	3157.	108⅞	109⅞	+0⅛	2.81
Mitsui Trust 2⅞ 01 US	10/86	1903.	122⅞	123⅞	+0⅛	0.02
Next Plc 5⅛ 03 £	11/87	4.3	99⅛	100⅞	0	84.88
Nishi Nipp. Bk. 2⅞ 03 US	4/88	804.	115⅛	116⅛	+0⅛	3.75
Omron Tateisi 2⅞ 02 US	4/87	1310.	224⅛	226⅞	-0⅞	1.47
Primerica 5½ 02 US	†4/87	66.75	65⅞	66⅞	0	64.52
Ranks Hovis 4⅞ 03 £	†1/88	3.5	126⅛	127⅛	-0⅞	-1.20
Redland 7⅛ 02 £	1/87	5.4	88⅛	89⅞	+0⅛	15.30
Saatchi&Sthi. 6⅛ 03 £	†10/89	4.41	99⅛	100⅛	+0⅛	23.91
Texas Inst. 2⅞ 02 US	†9/87	82.87	74⅛	75⅛	0	57.32
W.R. Grace 6⅛ 02 US	9/87	42.12	82⅛	83⅞	0	41.31

* No information available–previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares

WH Smith rises to £71m and achieves objectives

By Vanessa Houlder

WH SMITH, the retail and distribution group, yesterday announced a 10.5 per cent rise in pre-tax profits to £70.6m for the year to May 28. Turnover rose by 13.8 per cent to £1.66bn.

Sir Simon Hornby, chairman, described the results as "very good indeed", considering the setback experienced in wholesale distribution. The company had achieved strategic objectives on all fronts, as well as delivering record profits, he added.

Its strategy was to expand and modernise W H Smith Retail and Do It All, and develop specialist chains such as Our Price Music in the UK and abroad, he said. In distribution, it intended to exploit new opportunities in the commercial stationery market and develop programming and services for cable and satellite TV in Europe.

Profits from the distribution operations were down from £17m to £15.7m, as a result of the widespread shake-up in newapaper distribution arrangements. But the £40m of turnover lost by the withdrawal of News International's business was partially offset by the gain of £25m in new business. In total, sales on the distribution side, comprising news, books and commercial stationery, increased by 9 per cent to £621.8m.

The company was gaining market share, as independents left the business, said Sir Simon. The share of Sunday newspaper wholesaling rose from 4 per cent to 15 per cent, he said.

The retail businesses increased profits by 25.7 per cent to £55.1m (£43.8m). Sales rose by 11.4 per cent to £894.1m. The high street retail chain improved margins and market share, while the number of travel agency ontlets went up from 116 to 197.

Sales of Onr Price Music increased by 29 per cent, while established shops increased sales by 16 per cent.

The Do It All operation increased trading profits by 18.5 per cent to £10m, on sales up by 33.4 per cent to £192.8m. The slowdown in profits growth was due the costs of opening 25 stores, mainly in the second half.

The television services division made a loss of £2.7m, as a result of investment in higher quality programming. This compares with a profit last year of £0.5m, which included £1.8m profit on the sale of a stake in Yorkshire Television.

During the year, a total of 255 new retail ontlets were added, bringing the number up to 1,482 with a total selling space of 7.17m square feet.

Earnings per share rose by 13.7 per cent to 24.1p. Final dividends of 6p per "A" share and 1.2p per "B" share have been declared, making a total of 9p per "A" and 1.8p per "B", increased from last year's respective totals of 7.8p and 1.56p. See Lex

Caparo buys US tube maker for £23m

By Andrew Hill

CAPARO INDUSTRIES, engineering group, is expanding its tubing interests in the US with the purchase of Bull Moose Tube Company from National Intergroup, the US steel and pharmaceuticals group, for $39.25m (£23m) in cash.

It is the first acquisition by the UK company since the closure in May of Fidelity, its loss-making consumer electronics subsidiary. At the time, analysts said this would allow Caparo to concentrate on more successful subsidiaries manufacturing steel, abrasive and aluminium commodities for industry.

The company is still negotiating the details of the US deal and expects to release more information in early September wben Caparo's interim results are due. Caparo is also thought to be looking at further acquisitions in the UK.

Bull Moose produces small diameter mechanical tubing, structural tubing and sprinkler pipe. In the year to March 31 it made $5m before tax on turnover of $100m. Its net assets at that date were $17.1m.

The purchase is to be funded by a seven-year term loan of $20.4m and a further $8m evergreen revolving credit facility, with the balance coming from Caparo's existing UK loan facilities.

Caparo already has interests in steel tubing with Barton Tubes in Canada and Barton Engineering in the UK.

Selling water Bristol-fashion

Andrew Hill on the campaign behind the issue of preference stock

THE AVERAGE public relations executive or advertising agent might baulk at the prospect of having to market a fundamentally uninteresting prodnct which everybody takes for granted.

This, among other reasons, is why observers are saying that the planned privatisation of the 10 UK water authorities *is going to be the most difficult* Government flotation yet.

But two small Bristol-based agencies have already taken up the challenge, offering the big London agencies – which are expected to pitch for the water account should the privatisation Bill become law next year – a few ideas abont the selling of the ultimate commodity.

Paragon West, a subsidiary of Paragon Communications, the quoted PR agency, and Funnell Colton, a one-year-old advertising agency, are handling a concentrated local campaign for Bristol Waterworks Company, one of 29 private-sector statutory water companies which work alongside the authorities.

Bristol is promoting an issue of £6m of nsw convertibls redeemable preference stock, with the dubious distinction of being one of the first share offers to be actively and publicly marketed to private investors since the October stock market crash and the restrictions of the Financial Services Act imposed in April.

Unusually, consumers and employees are to be given priority in the event of oversubscription, hence tha local emphasis of the campaign. About 400,000 leaflets have been delivered, covering every household in Bristol Water's 2,400 sq km area of supply. Two local daily papers and eight weeklies have carried a series of cartoon advertisements, teasing readers with the fact that they take water for granted, before inviting them to buy a stake – "Now you can invest in it."

This has been backed up by between 45 and 50 showings of a 30-second animated television commercial on HTV, the local channel, and Channel 4, and a similar campaign on GWR West, a commercial radio station which covers almost the *same area as Bristol* Water.

The campaign, prepared at axtremely *short notice and*

BRISTOL WATER

running for just three weeks, marks the latest and perhaps most dramatic step in the glamorising of the water companies. Less than two years ago they seemed to be stock market anachronisms, performing a public service with unassuming competence, as they had dons since Victorian times. Shareholders' power was, and still is, severely restricted by statutes.

Recently, large investors – notably Frencb and Anglo-French water suppliers – have started to build up stakes, seizing the opportunity to gain a foothold in the UK water industry in preparation for the privatisation of the water authorities. Two French suppliers – Compagnie Génêrale des Eaux and Lyonnaise des Eaux – together hold more *than 50 per cent of Bristol's* voting capital.

Water companies, which will get the opportunity to convert into public limited companies at the same time as the authorities are privatised, have begun brushing up their image and reminding consumers and investors of their existence.

The impetus for the Bristol campaign came from the company, which has shortened its name from Bristol Waterworks – implying an efficient but unexciting utility – to Bristol Water. The campaign is expected to cost more than £100,000, an unprecedented expense for a water company with turnover of about £39m, but a drop in the ocean compared with the £26m or so spent on the "Tell Sid" British Gas campaign.

"It's the biggest PR exercise we have been involved in," says Mr John Browning, Bristol's general manager. "But the company, and the industry as a whole, has a pretty low profile, so this was an opportunity to raise it. We're very pleased with the way it's going."

So far Bristol has received more than 9,000 inquiries, and Paragon estimates that between 12,000 and 15,000 people will be sent prospectuses when the full-scale campaign stops and the mailing begins next week. About one in three of those is expected to apply *for shares.*

The commercials and press advertisements contain tbe usual caveat about shares going down es weli as up, and Seymour Pierce Butterfield, broker to the issue, has carefully cbecked the copy for possible breaches of the FSA. But Mr Paul Funnell (pronounced *Funnell), co-founder of Funnell* Colton, says the omnipresence of water and the perceived reliability of the water snpply belped the marketing of tbe issue.

"We were able to take for granted that people felt it was a fairly safe investment," he says.

The selling of Bristol Water stock bas also been made easier by the existence of popular recreational facilities within the company's region, including Cheddar Springs and lakes at Chew Valley and Blagdon. Companies or anthorities with less marketable assets, sucb as underground sources of supply, or water treatment works, would probably provide less fuel for the imagination of PR and advertising agencies.

Nonetheless, Mr Funnell believes a regional approach could be used to sell the authorities to a sceptical post-crasb public.

"I think there is a good case to be made for water as a local service and I would advocate marketing local services locally," be argues.

CCF falls to £0.5m at midterm

By Clare Pearson

CCF GROUP, financial software house, yesterday blamed last October's stock market crash for a squeeze on margins which reduced pre-tax profits from £2.24m to £517,000 in the half year to June 30.

The company was geared up to cope with its previous annual turnover increase of about 100 per cent when demand for most of its products disappeared, Mr Tim Smith, chairman, explained.

The result, which was achieved on turnover of £11.11m (£8.65m), would have been even worse but for a payment of more than £100,000 arising from an out-of-court settlement of a dispnte with Banque Paribas Capital Markets, for which CCF made a £400,000 provision in the 1987 results.

But Mr Smith said demand from the securities industry had now improved, while the continued expansion of CCF's product range had put it in a stronger position to take advantage of the "inevitable" upturn in business prospects.

An interim dividend of 1.4p (1.2p) is recommended. The shares rose 5p to 148p yesterday.

Products for banking and treasury management, which CCF moved into with the acquisition of Downie Associates last April, put in about half of profits in the first half.

The group's existing international divisions put in a mixed performance in the first half. The US accounted for a lossof £36,000 (against a profit of £399,000). Australia turned around from a £201,000 loss to a £10,000 profit, and the Far East accounted for £56,000 (£54,000).

Earnings per share came out at 2.48p (12.52p).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year.
AC Holdings	fin	5	-	nil	5	nil
Beacon Group	int	4	-	nil	-	0.5
Britannic Ass	int	5.6	Oct 7	4.83*	-	14*
CCF Group §	int	1.4	Oct 3	1.2	-	3
Fife Indmar	int	0.75	Oct 3	0.75	-	3.5
Gnome Photo	fin	3	-	2	5	5
Gordon Russell	int	2.4†	Oct 13	2	-	6
MMEC §	int	1	-	-	-	-
Nichols (JN)	int	3.5	-	3.15	-	7.75
North Mid Const	int	1	-	0.8	-	2
Smith (WH) "A"	fin	6	-	5.4	9	7.8
Smith (WH) "B"	fin	1.2	-	1.08	1.8	1.56
Standard Chart	int	12.5	Oct 7	12.5	-	35
Usher (Frank) §	fin	4	Sept 30	4	8☆	5.5
Ward Hidgs	int	0.5	Oct 8	0.5*	-	2.4*

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ☆For 18 months.

Manchester Ship

Tha possible offer for Manchester Ship Canal has suffered an abrupt and speedy demise; with the company announcing yesterday that the talks have been discontinned.

It also lifted the suspension on its shares. The ordinary promptly soared from £15 to £21.

Unigate bolsters Wincanton arm

Unigate, the chilled foods to distribution group, is spending £10m on four businesses to bolster Wincanton Group, its motor distribution and car-hire subsidiary.

The companies being acqnired are: Southern Brothers, a Blackburn-based concern which holds franchises for Rover Group, Jaguar and Land Rover; North Shropshire Motor Anctions; Rydale Truck and Coach, a Volvo commercial vehicle distributor; and Commercial and Trailer (Sales), a commercial contract hire business based in Stoke on Trent.

In total, the businesses generated operating profits of £1.5m last year on turnover of £240m.

Another US stake built in Cambrian

By Nikki Tait

CAMBRIAN AND General, the UK investment trust whicb was formerly a vehicle for convicted US insider trader Mr Ivan Boesky, has acquired another declared US-based stakebuilder – the third to emerge this year.

Lencadia National Corporation – a quoted, New York-based company with interests ranging from insurance and banking to real estate and manufacturing – now holds 3.83m ordinary shares, equivalent to 8.39 per cent. The bulk of the stake – just over 3m shares – was built up between August 8 and August 12.

News of the stake comes less than one month after Baupost Group, a "value-oriented" investment group in Massachusetts, declared a 5.15 interest in the ordinary shares. In Janaury, Mr Lance Lessman – who at one stage worked for Mr Boesky – announced that he held a 5.04 per cent stake.

Over a year ago, Heine Securities – a New York-based mutual fund group – also emerged with 9 per cent of the capital shares and 2 per cent of the ordinary. The largest shareholder, however, is the US Securities and Exchange Commission which owns 12.68 per cent of the ordinary shares and 54.6 per cent of the capital stock – which Mr Boesky handed over to settle charges of insider trading in 1986.

Apart from its insurance and banking interests Leucadia, the shares of which are traded on the New York Stock Exchange, also has interests in two leveraged buy-ont firms, and holds a variety of share stake – including 5 per cent of Argyle Trust, the UK financial group headed by Mr Nick Oppenheim.

EMAP acquisitions given clearance by MMC

EMAP, the magazine and newspaper publisber, was cleared yesterday by tbe Monopolies and Mergers Commission to take over nine weekly newspapers even though the acquisition would add to concentration of ownership in East Kent.

EMAP bought the nine titles from Parrett and Neves, parent company of Associated Kent Newspapers. The EMAP bid, one of eight received, was accepted because it offered the best combination of a satisfactory price with security for the 180-strong workforce and the prospect of continued development of the newspapers.

The Kent Messenger Group and the Adscene Group, which publish paid-for and free newspapers in East Kent, opposed the deal but the commission said much of the evidence was not against the proposed transfer, but concern that it would continue the trend of increased concentration of ownership

Parrett and Neves Ltd and EMAP plc, Monopolies and Mergers Commission, HMSO, £5.75.

Cifer to raise £2.5m in refinancing package

By Philip Coggan

CIFER, the struggling USM-quoted electronics company, yesterday announced a long-awaited refinancing package involving a consortium of new investors.

The company has undergone a long period of rationalisation since 1984 when it made an interim loss of £1m and made 126 workers redundant. In spite of the savings, Cifer forecasts a net loss of £210,000 this year.

A consortium of new investors led by Mr Bill Weinstein, a management consultant, is subscribing for 26.5m shares at 5p each, and 23.5m shares are being placed with British & Commonwealth Merchant Bank, subject to an offer from existing shareholders. A total of about £2.5m will be raised.

Tbe package includes an agreement by Lloyds Bank and Investors in Industry (3i) to convert around £1.2m of debts into equity and reschedule other borrowings.

UK COMPANY NEWS

Farmers maintains opposition to BAT bid ahead of meeting

By Nick Bunker

FARMERS GROUP, US insurer, has continued its strategy of trying to use local insurance laws to halt the $5.05bn (£2.9bn) bid from the UK's BAT Industries, despite its announcement late on Tuesday that it would meet BAT to discuss the takeover proposal.

Farmers said yesterday that it planned to appeal against a decision by insurance regulators in Illinois to approva BAT's plans to acquire the company.

It claimed that the Illinois ruling required the state's insurance commissioner to disallow the takeover unless BAT could prove that its ownership would not jeopardise the interests of policyholders.

News that Farmers would appeal in Illinois came as Mr Patrick Sheehy, BAT chairman, prepared yesterday in Los Angeles to meet Mr Leo Denlea, chairman of Farmers, following a Farmers board meeting on Tuesday which authorised management to enter into talks over the bid.

The meeting had been called to consider BAT's proposal last week to raise its terms for Farmers from $63 to $72 per share. Yesterday, the prospect of talks between the two groups – a sign that Farmers' resistance may be cracking after more than seven months – raised hopes on Wall Street that BAT would soon clinch the acquisition.

Mr Gordon Luce, insurance analyst with Brown Brothers Harriman, said: "The odds now are for a successful conclusion for BAT. They might have to go a couple of bucks higher,

Both sides yesterday drew a veil of secrecy however over the exact location and timing of the talks, with executives refusing to go beyond carefully-worded official statements issued on Tuesday night.

Mr Sheehy said then that he looked forward to the "face-to-face discussions" due to start yesterday. He said he believed that if they achieved "a friendly negotiated transaction", then regulatory approvals for the acquisition could be obtained speedily.

Officials at Farmers declined to elaborate yesterday on the reasoning behind a statement by Mr Denlea that his board had made no decision about the possible sale of the company. but was willing to talk to see if BAT's $72 per share offer was a basis for negotiation.

Poor take-up on rights issues

By Philip Coggan

LUKEWARM RESPONSES to two rights issues of convertible preference shares from UK companies raises the question of whether the fashion for such issues may be about to wane.

The £85m rights issue from Tomkins, industrial conglomerate, was taken up by 60 per cent of shareholders whereas a £9m issue from KLP, sales promotion group, achieved only a 34 per cent take-up.

Convertible preference share issues became extremely popular after October's stock market crash since they offered investors the attraction of a high yield, at a time when they were reluctant to subscribe for ordinary shares. However, the market in such issues can be rather illiquid and there are signs that investors' appetites have been sated.

The Tomkins issue was designed to finance the group's purchase of Murray Ohio, US-based lawnmower and bicycle manufacturer. Around 60.6 per cent of the main underwritten issue was taken up, but only 32 per cent of the small non-underwritten offering.

County NatWest, underwriters to the issue, said that the size of the take-up was creditable given the more limited appeal of convertible issues. The shares not taken up in the underwritten offering have been placed with investors by James Capel. Tomkins' shares fell 1p to 231p yesterday.

KLP said that the response rate was "as high as could be expected" given the increases in interest rates since the issue was announced. The shares paid a dividend of 6.75 per cent at the issue price.

KLP's issue, which was designed to finance two acquisitions in the US, came just a year after a £8.1m one-for-three issue in 1987. KLP's shares fell 3p to 285p yesterday.

AC paying £4.5m to diversify into hotels

By Philip Coggan

A C HOLDINGS, the former car company which expanded into financial services, is diversifying in another direction with the purchase of a potentially controlling stake in Principal Hotels, a UK hotel operator.

The effective consideration of £4.5m is being financed by the issue at par of £6m of 11 per cent convertible unsecured loan stock. This is being placed but is available to existing shareholders on the basis of £12 nominal for every five ordinary shares held. AC is also proposing a five-for-one scrip issue.

Last year AC proposed a £10m rights issue, only to take the unusual step of advising shareholders not to take up their entitlements when the October crash undermined the share price. The deeply-discounted issue was not underwritten and so, when the issue was taken up by only 0.17 per cent of investors, AC received only a fraction of its money.

AC also announced its results yesterday, showing profits for the year to June 30 marginally higher at £1.1m than last year's £1.05m. The company's stockbroking arm, Douglas Le Mare, operated profitably despite the stock market crash. The company is proposing a dividend of 5p per share.

AC said that the acquisition of Principal would build up the group's asset base. The hotel company made pre-tax profits of £250,000 on turnover of £2.9m in the year to February 29. Following the acquisition agreement, AC will have a potential 53.8 per cent stake in Principal, assuming conversion of loan stock.

Meeting adjourned at Charles Barker

By Nikki Tait

CHARLES BARKER, advertising, public relations and recruitment group, yesterday adjourned the extraordinary meeting called to approve certain proposals for its Ayer Barker subsidiary and changes to the company's share option scheme, because of continuing takeover talks.

Barker announced that it was in discussions which might lead to a recommended offer on August 1. Yesterday, Mr David Norman, Barker's chairman and chief executive, said that these talks were continuing. Because the Ayer Barker arrangements could have some potential impact, he asked the meeting to adjourn the vote to September 6. This was swiftly agreed – yesterday's entire meeting taking less than five minutes.

Under the proposed deal, N W Ayer, US advertising group, would subscribe an initial £3m for a 25 per cent stake in Ayer Barker. This – following a further subscription – could then rise to 56 per cent in 1990. N W Ayer already holds 12.6 per cent of Charles Barker itself.

Potentially significant, given the bid discussions, is a clause in the arrangement which allows the US group to buy out Barkar's interest in Ayer Barker if control of Barker itself changes. The purchase price would be based on 12 times the previous financial year's post-tax profit at Ayer Barker.

The takeover approach to Barker is widely rumoured to have come from WPP, the acquisitive advertising and marketing services group headed by Mr Martin Sorrell.

Suggested offer prices have ranged around 180p a share. WPP is thought to be attracted by Barker's human resources and regional advertising businesses, but there have been suggestions that the executive search operation, Norman Broadbent International, could be sold on – possibly to management.

Ellis and Everard

Ellis and Everard, independent chemical distributor, is restructuring its European operations in an attempt to accelerate profits growth and enhance chances for expansion on the Continent.

The 13 companies in the group, comprising nine in mainland Britain, two in the Irish Republic and one each in the Netherlands and Northern Ireland, have been linked through a single board of directors.

The new structure will be fully operational by May 1 next year, the end of the group's financial year.

Ward profit surge

Ward Holdings lifted its pre-tax profit by £1m to £6.17m in the six months ended April 30 1988. The interim dividend is held at 0.5p.

The group is a house builder, plant hirer and manufacturer of uPVC doors. Turnover for the period came to £23.54m (£20.48m), with house sales contributing £19.45m (£17.43m). The directors said that market conditions had remained satisfactory, and indications were that the situation would continue.

Profit attributable was £4.1m (£3.56m), giving earnings of 7.8p (6.8p).

USH senses victory after raising offer for Varo

By Clay Harris

UNITED SCIENTIFIC Holdings, defence equipment group, yesterday appeared to be close to a breakthrough in its five-month-old bid for Varo after raising its offer for the US defence electronics company to $98.6m (£57.2m).

Varo, based near Dallas, said it was prepared to consider USH's new $22 per share offer, which replaced a $17.50 bid which had been on the table since February. On the New York Stock Exchange, Varo's shares were $3¾ higher at $23 in early afternoon trading.

USH already owns 9.9 per cent of Varo, which manufactures night-vision equipment. The two companies have not held any official discussions since USH launched its bid.

The UK company hopes to combine Varo with its Texas-based Optic Electronic subsidiary, which makes similar products.

Ericsson wins only small proportion of BT orders

By Hugo Dixon

ERICSSON, the Swedish telecommunications company, has received a tiny allocation of British Telecom's latest batch of orders for digital exchanges. This is the second consecutive time that Ericsson has won an insignificant proportion of orders.

Of the total £85m order for 729,000 lines, Ericsson has been chosen to supply only 45,000 with its System Y exchanges. GEC Plessey Telecommunications, the UK company, will be supplying the remainder with its System X exchanges.

However, Mr Ron Ely, corporate affairs manager for Thorn Ericsson, the Swedish company's UK subsidiary, said these figures gave a misleading impression of how well his company was doing.

Most of the recent batch of orders were not open to competitive tender, he said, but had been awarded to GPT on the basis of a long-term contract negotiated with BT earlier this year. Ericsson had won 20 per cent of the orders that were open to competitive tender.

Mr Ely said the company was still on target to achieve a 30-35 per cent share of the UK digital exchange market and that its factory, which can produce 750,000 lines a year, was working at full stretch.

Telfos controls nearly 38% of Runciman

By Clay Harris

Four days before the close of its £30m hostile takeover bid for Walter Runciman, Telfos Holdings, engineering conglomerate, has received acceptances for 9.19 per cent of shares in the shipping and security group. Telfos already owns 28.6 per cent of Runciman.

This week, both sides have sent out final letters to Runciman shareholders, urging them – respectively – to support or reject the Telfos bid.

Last night, Runciman complained that Telfos's final document contained "seriously misleading" statements. Runciman said one sentence carried the clear implication that the Takeover Panel had doubts about its ability to pay the dividends forecast for 1988 and 1989.

The Panel, Runciman said, had only asked it to clarify that a press article, reprinted in a defence circular, suggesting that the group was "embarking on a prolonged period of profit growth," was the journalist's opinion, not a profit forecast by Runciman.

Runciman also said that its dividend forecasts had been conservative and that no ceiling had been placed on pay-out for this year and next.

Floyd Energy

The formula asset value for Floyd Energy's agreed offer for New Darien Oil Trust has been calculated at 69.187p per New Darien ordinary share.

This means that New Darien shareholders receive either Floyd shares to the value of 69.187p for each ND share held, or 69.187p in cash.

Recovery at Beacon

Shares in Beacon Group rose 12p to 53p as the group revealed a sharp turnround into profits and a return to the interim dividend list with a 4p payment. Turnover in the half year to July 2 rose to £10.35m (£7.23m), while pre-tax profits of £402,000 compared with a loss of £494,000 last time. Earnings worked through at 4.05p (6.3p losses).

Gnome Photo up

Gnome Photographic Products, Cardiff-based manufacturer of overhead projectors, reported pre-tax profits of £487,275 for the year to May 31 1988, up 4 per cent from £469,832 last time.

The group, which fell to new owners in May, increased turnover 11 per cent from £2.3m to £2.55m. Tax took £151,064 (£160,819) and a final dividend of 3p, making an unchanged 8p, came from earnings per share of 13.39p (12.3p).

The board said the current year had started satisfactorily, and it looked forward to the future with confidence.

It also intends to capitalise a proportion of reserves and proposes a share split, which in conjunction with a bonus issue will result in current 10p share holders receiving six new 5p shares for each share.

It is also intended to change the company's name to Noble Raredon.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Amec, Anglo American Ind. Corp., Brit. [illegible] Assoc. of Africa, North Mid. Construction, Ratcliffs (G.B.), Rentokil, River & Merc. Geared Cap. & Inc. Tst., Ltd.

Finals- Aerospace Eng., Copson, Genbel Inv., Newmark (Louis).

FUTURE DATES

Interims-

ASEA	Aug 31
English National Inv	Oct 25
Jaguar	Aug 26
Olives Paper Mill	Aug 23
Prudential	Sept 14
Williams Holdings	Aug 30
[illegible]	Nov 16

Finals-

Border Television	Aug 30
Lowland Inv	Oct 21
Strata Inv	Sept 15

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1980=100): engineering orders (£ billion): retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1987							
1st qtr.	111.1	106.1	27.7	125.4	158.9	3,073	210.4
2nd qtr.	111.9	108.4	27.9	128.3	165.9	2,965	226.1
3rd qtr.	114.0	111.3	28.2	131.8	171.9	2,827	241.3
4th qtr.	116.3	112.8	28.5	132.4	216.8	2,658	262.1
December	115.4	112.9	28.5	133.5	244.9	2,614	258.8
1988							
1st qtr.	116.4	114.1	31.1	135.5	173.3	2,534	247.5
2nd qtr	116.9	115.9		129.3	181.2	2,414	254.5
January	116.5	115.5	30.9	134.9	170.0	2,565	249.5
February	114.0	112.5	31.0	136.3	168.5	2,533	247.9
March	115.5	114.3	31.1	136.5	175.1	2,504	245.5
April	116.5	115.4	31.8	138.4	180.4	2,453	253.7
May	117.0	116.9	31.5	136.9	186.5	2,414	255.5
June	116.6	115.3		138.8	182.3	2,375	255.2
July				139.5			

OUTPUT- By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100): housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1987							
1st qtr.	107.4	100.1	116.1	102.7	114.6	103.3	17.0
2nd qtr.	110.0	101.6	117.4	104.4	120.1	104.5	20.0
3rd qtr.	112.5	105.0	119.6	106.0	121.1	107.0	19.8
4th qtr.	113.7	108.8	119.2	110.7	121.5	105.5	17.0
December	113.5	109.7	118.6	112.0	115.0	104.0	14.2
1988							
1st qtr.	113.5	106.9	120.1	109.8	127.6	106.7	20.1
2nd qtr	114.5	111.2	120.5	113.7	132.0	105.3	23.0
January	114.4	106.4	122.0	111.0	138.0	108.0	19.2
February	112.3	106.1	118.3	108.0	125.0	107.0	20.5
March	113.7	108.3	120.0	111.0	120.8	104.8	21.0
April	112.5	111.5	120.4	113.0	134.0	104.0	21.2
May	115.8	110.3	121.8	114.0	141.0	106.0	23.5
June	115.2	111.7	119.4	114.0	121.0	104.0	24.2

EXTERNAL TRADE- Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1987							
1st qtr.	129.5	133.6	-1,211	+974	+1,199	100.4	27.84
2nd qtr.	128.5	141.1	-2,317	-210	+1,016	103.4	34.36
3rd qtr.	130.5	151.1	-3,100	-919	+996	103.7	34.81
4th qtr.	134.8	152.5	-2,988	-1,397	+1,073	102.9	44.33
December	137.1	154.9	-1,818	-480	+346	104.2	44.33
1988							
1st qtr.	126.9	148.3	-4,010	-2,775	+890	104.7	44.84
2nd qtr	132.5	159.4	-4,332	-2,632	+679	106.9	48.52
January	128.4	151.5	-1,573	-1,159	+356	104.3	43.09
February	123.6	147.4	-1,457	-1,044	+311	104.8	42.93
March	128.1	146.0	-986	-572	+219	105.2	44.84
April	136.4	165.8	-1,167	-467	+309	106.5	47.36
May	128.1	158.7	-1,044	-1,144	+221	107.2	48.53
June	132.9	163.7	-1,621	-1,021	+149	107.9	48.52
July							49.83

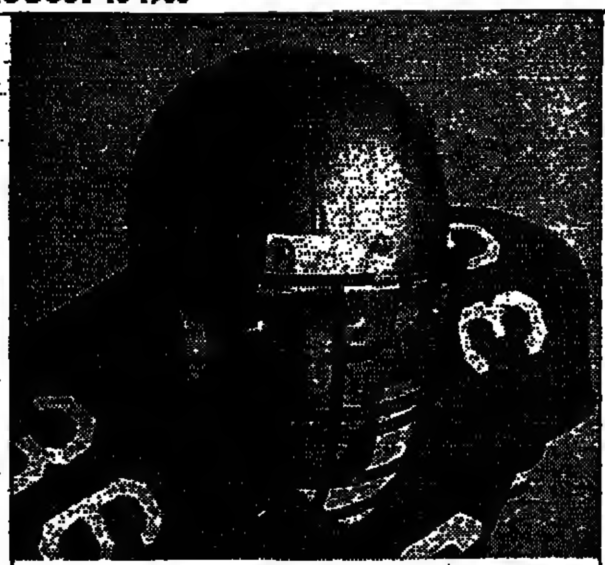
FINANCIAL-Money supply M0, M1 and M3 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1987							
1st qtr.	4.4	23.3	18.5	+6,733	1,405	+977	10.00
2nd qtr.	4.5	23.2	19.0	+8,554	1,904	+1,058	9.00
3rd qtr.	5.9	20.9	20.1	+11,906	1,211	+874	10.00
4th qtr.	4.9	22.2	22.5	+11,165	3,067	+948	8.50
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1988							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INFLATION-Indices of earnings (Jan 1980=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100)

	Earn-ings*	Basic matls.*	Whsale. mnfg*	RPI*	Foods*	Reuters* cmdty.	Sterling
1987							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3rd qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4th qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1988							
1st qtr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2nd qtr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
January	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Not seasonally adjusted.
†Net changes in amounts outstanding, excluding bank loans.



To deliver another year of record profits, you need more behind you than strength.

You need a plan to stay ahead of the competition.

Ours is a four point strategy for growth which will take W H Smith, the retail and distribution group, into the 1990's.

> Expansion and modernisation of the W H Smith High Street chain and the Do It All chain out of town.

Together these give us a broad base of retailing throughout the country.

The W H Smith chain, the market leader in book, greeting card, stationery and magazine retailing, now operates from 447 shops. With an extra 86,000 sq. feet of floor space and a total of 41 stores now fitted out in the new design, we have an even firmer footing in the high street.

Out of town our D.I.Y. chain Do It All has put up an equally impressive performance. Sales went up by 33·4% and trading profits by 18·5% despite the cost of opening 25 stores and re-fitting 6 others. The total stands at 105 Do It All stores now up and running.

> Development of our specialist retailing chains in Britain and North America.

These enable us to cater for all possible tastes in the markets in which we operate.

This year Our Price Music has increased turnover to almost £100m, that's 29% above last year's achievement. Our post balance sheet acquisition of 74 Virgin shops brings the score to over 270 stores and gives us around 22.5% of the recorded music market.

Reinforcing its position as the UK's leading specialist bookselling chain, Sherratt and Hughes opened three stores during the year making a total of 42.

Paperchase, our stationery chain, went on the offensive, opening 6 shops in Britain and 12 in Canada. Our improved performance in Canada sent trading profits soaring by 59% in dollar terms.

Overall, 79 stores were opened or acquired in North America, including 32 in Hawaii, one of the world's fastest growing resort areas.

But we're also meeting the needs of holiday makers at home. This year in the UK, W H Smith Travel's 197 outlets sold 500,000 package holidays.

> Exploiting the opportunities in a changing environment for distribution in Britain and the U.S.

In a year in which the distribution of newspapers and magazines underwent fundamental change, W H Smith Wholesale secured more business in the magazine and Sunday newspaper markets.

We also gained a significant share of the commercial stationery market by acquiring the Pentagon Group and only last week, the Satex Group.

> Development of programming and services for Cable and Satellite TV in Europe.

We believe this to be a business with significant growth potential and expect it to come into profit by the 1990's. We are already a major force across Europe in these media, transmitting an annual equivalent of 6,500 hours of television. Our satellite channels are distributed in 10 countries, Screensport, the sole sports channel in Europe, adding three more countries during the year.

With our four point strategy behind us, we're proving that we are a formidable force in the leisure market.

And just as important, we've produced yet another year of winning results.

	June-May 87-88 £ million	June-May 86-87 £ million
Sales	1,661.9	1,460.0
Pre-Tax Profit	70.6	63.8
Net Dividend	9.0p	7.8p
Earnings Per Share	24.07p	21.16p

For a copy of W H Smith's Annual Report and Accounts write to Public Relations Department, W H Smith Group PLC, Strand House, 7 Holbein Place, London SW1 8NR.

WH SMITH

BEST SELLERS

UK COMPANY NEWS

Five Oaks doubles size after property purchase and rights

By Paul Cheeseright, Property Correspondent

FIVE OAKS Investments, property company, is doubling its size through the purchase of a £26m property portfolio and a one-for-one rights issue.

The effect of the changes will be to leave the company with a uet asset value per share of 67p. The market value of the shares before the announcement of the expansion yesterday was 63p.

In a circular being sent to shareholders, the seller of the property portfolio, which is made up largely of offices and shops in the south east outside central London, is named asDonington Investments.

Payment for the portfolio will be in cash and shares. The cash will come from the proceeds of the rights issue, priced at 55p a share to raise £11.9m. In additiou, Five Oaks will draw on a £20m revolving credit from a syndicate of banks led by Robert Fleming for £13m. Donington will also be issued with 3.2m shares and hence will have 7 per cent of the enlarged Five Oaks equity.

The initial yield ou the newly purchased properties is just over 7 per cent, but this should increase as rent reviews come through. These reviews will reflect the trend of higher rents spreading out from central London.

Since the equity market crasb last October property companies have generally been reluctant to seek expansion through the issue of paper. Five Oaks, however, has adopted the same approach it used in 1986 when it also made a quantum leap in size. At that time, it also had a rights issue and a vendor placing.

C. Baynes returns to the black

THE TRANSFORMED Charles Baynes group made a pre-tax profit of £563,000 in the first half of 1988, in line with expectations and reflecting the progress made in moving from textila reutal and property services to a specialist industrial group.

Dr Bruce McInnes, chairman, said thet, with the better half of the trading year to come, the outlook was encouraging, and he expected to pay a dividend for 1988. "I feel confident that the foundations have now been laid for continued strong growth," he stated.

The balance sheet remained strong with uet liquid resources of £1m. A further £1m in casb was expected to be generated from operations by the year-end.

In June the High Court confirmed the application of share premium account against the deficit on revenue reserves, and the remaining deficit had been eliminated by retained profits for the half-year.

The profit was the first for three years. It compared with a loss of £893,000 in the six months ended March 31 1987, which increased to £1.24m for the 15 months to the end of 1987.

J.N.Nichols just ahead midway

J.N. NICHOLS (Vimto), maker of fruit compounds and cordials, is looking for 1988 to show an improvement over the previous year, when pre-tax profits reached £5.96m.

In the first half, turnover rose from £14.18m to £17.86m and pre-tax profit from £3m to £3.07m. Operating profit moved up to £2.57m (£2.3m) reflecting a cut in margins brought about by increased advertising expenditure.

There was a drop from £704,000 to £492,000 in profits from other activities, as a result of lower interest rates, reduced opportunities to take profits on equity investments, and a greater commitment of funds to acquisitions and development of the business.

Earnings worked through at 10.5p (10.4p) and tha interim dividend is raised to 3.5p (3.15p).

Cabana had appointed a new distributor for the Lake District and acquired a company in Blackpool. Independent Vending Supplies had purchased two small businesses serving the catering and confectionery markets.

Fife Indmar improvement

Fife Indmar, light and general engineering group, has shown a marked improvement in profitability in the current year.

For the first half profit before tax came to £156,000, against £45,000 in the preceding six months and £172,000 in the comparable period of 1987.

The directors said the products and ironmongery divisions performed well.

An unchanged interim dividend of 0.75p is declared from earnings of 1.72p (1.9p).

MMEC jumps to £1.76m

MERCHANT MANUFACTORY Estate Company (MMEC), the property investment and development group headed by Mr Paul de Savary, reported pretax profits of £1.76m in the six months to June 30 1988, more than four times greater than the £376,000 for the same period last year.

Turnover rose from £1.76m to £7.6m and after tax of £469,000 (£140,000) earnings per share worked through at 6.1p (2.2p).

The directors are declaring a 1p interim dividend.

These are the first results the company has filed since it came to the USM in April of this year.

The offer of 11m shares, 40 per cent of the enlarged equity, at 93p each was substantially undersubscribed with just 3.77m shares (34.2 per cent) being taken up.

This left the balance of 7.23m in the hands of the underwriter, Chase Investment Bank.

Overheads contain Frank Usher

FRANK USHER Holdings, a USM-quoted fashion house, returned profits of £1.88m pre-tax for the 16 months ended May 31 from a turnover of £18.03m.

The figures compare with £1.54m and £10.24m respectively for the 12 months to January 31 1987.

At the gross level profits of £7.05m (£4.23m for period) were subject to distribution costs of £957,000 (£608,000) and administration expenses of £4.01m (£1.97m).

Mr Christopher Norland, chairman, said yesterday that with a slight reduction in gross margins, due to the strength of sterling, the increase in administration expenses stands out as the major factor for a downturn in the level of profitability in the past four months of the 16-month period.

An exceptional provision of £85,000 related to additional rent, rates and other overheads incurred as a result of moving all London operations other than the West End showrooms and design rooms to new headquarters.

Earnings for the period under review amounted to 17.5p (14.7p) and a final dividend of 4p makes the forecast total of 8p (5.5p).

The company, which gleans just under half of its turnover from overseas, said orders for its Autumn collections had improved on all previous records.

F & C Enterprise

Net asset value of F & C Enterprise Trust stood at 38.1p per share at the end of June, slightly up on the 37.4p which prevailed a year earlier.

Total revenue in the six months to June 30 amounted to £312,000 (£227,000), but after higher interest charges of £175,000 (£81,000), the pretax loss increased to £157,000 against £102,000 last time. The loss per 10p share was 0.14p (0.16p).

The directors said that revenue received during the period under review was not indicative of the total likely for the full year, and they expected to be able to maintain the annual dividend.

BUSINESS LAW

Prompt disclosure can pre-empt insider trading

By A.H. Hermann, Legal Correspondent

Whenever 1 hear an English judge telling the jury that they must keep a certain piece of information out of their minds – because it is inadmissible evidence – I am reminded of the ancient prescription for turning lead into gold: you put a piece of lead into boiling water and keep it boiling for five minutes and try not to think of an elephant. If you succeed in keeping the elephant out of your mind for the full five minutes you will find a piece of gold in your pot.

The corporate equivalent of "keeping things out of your mind," invented by US financial wizards and their supervisors, is the "Chinese wall" – supposedly acting as a soundproof barrier between various departments, one of which may be advising on a merger, another dealing in shares on the institution's own account, and yet another acting as broker and agent for private or institutional investors.

When writing in this column on March 20, 1986 about the Financial Services Bill (as it then was), 1 said " . . .there is the underlying idea that conflicts of interests – between the agent and his principal, and between several clients of one agent – can be somehow prevented by the erection of Chinese walls, separating the dealing, advising, and investment organising departments in a multipurpose financial institution. My computer tells me that as many as 50 Chinese walls might be necessary within a conglomerate to provide for all possible situations. As it may be difficult to erect so many, it suggested that partners might sit in spacesuits at lunch apart."

I must give my computer credit for seeing so far ahead, but it obviously did not see everything. For example, it did not take into account that people in the higher reaches of management will be able to peep over the "wall" and that instructions not to deal in a certain security may be misunderstood or ambiguous – in the same way that there are many different meanings which can be given to an individual word, depending on the way it is said.

The enormously complicated provisions of the Financial Services Act make it necessary for banks and other traders in security markets to hire or train special "compliance officers". Like tax advisers, the compliance experts will try to find loopholes in the rules, and even if the supervisors apply the rules according to the spirit of the legislation, they will still try to secure an alibi for their erring employers.

Many wise people express doubt as to whether the insider trading legislation can be enforced or, if it can, whether it can be enforced across the board and not just by picking up a few cases as a deterrent. If, as a working hypothesis, we accept that they are right, what else can be done?

The most radical solution, of course, would be to roll back Big Bang and to dismantle the multi-functional institutions, making independent the various departments now believed to be separated by Chinese walls.

This is unlikely to happen and there is, of course, always the possibility of resigning oneself to the fact that the securities market, whether operating through a stock exchange or outside it, is a casino where the dice are loaded and the roulette ball has a magnetic core.

Such an attitude has been adopted in Germany, which has no effective legislation against insider dealing. German universal banks operate as moneylenders, marketmakers, brokers and financial advisers and are rulers of their own industrial empires. Statutes enable them to mix security and investment business in their accounts to give the greatest tax advantage and at the same time to keep outsiders in the dark as to what they are doing. There is a statutory assumption that a holding of more than 25 per cent of equity in a non-bank is a "participation" and not just part of a transient portfolio, but until last year when the Federal Supreme Court (in BGH II ZR 119/86) stepped in, the banks could defeat this statutory assumption by simply declaring that they do not intend to hold the shares as a permanent asset – which has enabled them to hold over 50 per cent of equity interest for decades without disclosing it.

There are no free lunches. If we wish to eliminate the abuse of secrets, the best way is to have no secrets

German banks are not required to have Chinese walls, and their supervisors recognise and respect that their ability to utilise information gained under the many hats they are wearing is a source of strength. In its turn, this strength prevents the legislators moving in to protect the small investor.

Those unwilling to resign themselves to such a state of affairs and disappointed by the feeble effect of insider trading legislation should think about the possibility of avoiding the abuse of inside information, not by making it a criminal offence, but by eliminating or drastically reducing it by means of immediate publicity.

The present rules requiring the disclosure of share dealings by shareholders controlling a certain percentage of the equity – now down to 1 per cent in tha UK – do not get enough publicity to eliminate insider dealing. They reach the public, particularly the small investor, much too late and in a form which is makes it impossible for the outsider, unless he is a professional specialised in the relevant sector, to draw conclusions.

One cannot, of course, require the modern robber knights to inform the Financial Times as soon as the idea for a new conquest is born. However, it is possible to make a statutory assumption that they had intended the conquest from the time they or their associates started to buy shares, even if the disclosure threshold was reached much later. This assumption can be linked with the obligation to pay up to the sellers the difference between the initial price and the final price including the takeover premium.

This could be combined with a statutory obligation, under criminal sanctions, for all brokers, merchant bankers, lawyers, accountants, other helpers and advisers, to inform the press immediately they provide advice on operations likely to influence the market price of the securities concerned. I can almost hear the outraged protests from the worshippers of confidentiality which such a blasphemous proposal would provoke. But there is a need to be clear about the objective and the price to be paid for it: there are no free lunches and if we wish to eliminate the abuse of secrets the best way is to have no secrets.

Obligatory publicity forced from companies and their advisers would take care of insider trading based on advanced information about takeovers and other acquisitions. In addition, legislation in the US, UK and Japan catches other price-sensitive information. The insider dealing offence added last month to the Swiss Penal Code does not go so far. It threatens the usual range of "insiders" with prison sentences of up to three years and with unlimited fines if the crime was motivated by greed, but it is concerned only with information about imminent new issues, mergers, takeover bids and "other projects of equal significance". Knowledge that the next accounts will show loss of profit is not covered.

Statistically speaking, a quiet and steady abuse of price sensitive information may be more important than the more spectacular gains which to be obtained from advance knowledge about a takeover bid. Various measures have been adopted to prevent it – for example, prohibiting directors and other officers of the company from trading in company shares during a certain period preceding the publication of its results, but it is uncertain how effective such measures are in practice.

Here the elimination or reduction of secrets would be tha most effective weapon. It could be achieved by obliging companies to publicise trading figures more frequently and to publish immediately details of any important deals or events likely to affect trading results.

If we applaud glasnost in politics, why not in business? The public limited companies could be made truly public.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar surges up again

INTERVENTION BY the US Federal Reserve and the West German Bundesbank failed to dent strong demand for the dollar on the foreign exchanges yesterday.

The dollar continued the trend seen late in New York on Tuesday, where heavy short covering led to a rally, accompanied by a recovery in bond and share prices.

Japanese investors were said to regard the dollar's dip on the trade news as an attractive opportunity to buy the currency.

Some dealers were surprised to find the dollar's upward trend still intact, after the disappointing trade data for June, and suggested the currency is unlikely to have much more upward potential.

In less than 24 hours the dollar rose from little more than DM1.87, to approach the 19-month high of DM1.9220 touched last week. It rose to a high of DM1.9140 yesterday, before closing at DM1.9125, compared with DM1.8720 on Tuesday.

The dollar also rose to Y134.05 from Y132.85; to SFr1.6030 from SFr1.5705; and to FFr6.4725 from FFr6.3400.

According to the Bank of England, the dollar's exchange rate index rose to 100.3 from 98.8.

Co-ordinated intervention by the US and West German central banks was described by dealers as high profile, but on a modest scale, intended to take the heat out out of the dollar's rise, but not to alter its upward trend.

In early New York trading the Federal Reserve was reported to have sold dollars at about DM1.9025, but it was suggested in the market that the Fed's heart was not in the action, and it was merely a sign of solidarity with West Germany as part of the Group of Seven. After the close of trading in Europe the Fed was again seen in the New York market at around DM1.9140.

The Bundesbank confirmed that it sold dollars to support the D-Mark on the open market. This was also at around DM1.9025, and appeared to be the first action on the open market by the central bank since August 8.

The intervention temporarily pushed the dollar back to DM1.9000, before the currency began another upward surge. Earlier in the day the Bundesbank sold $33.3m in Frankfurt, when the dollar was fixed at DM1.8984, compared with DM1.8867 on Tuesday.

Sterling attracted little attention, but performed reasonably well, in the face of uncertainty about the UK economic picture, and tha strength of the dollar.

Traders noted the OECD warning to Britain abont growth and inflation, but said that expectations of another rise in UK bank base rates were maintaining market confidence in sterling.

The pound fell 2.90 cents to $1.6900, and to Y226.50 from Y228.25, but rose to DM3.2325 from DM3.2175; to SFr2.7100 from SFr2.7000; and to FFr10.9375 from FFr10.8975.

On Bank of England figures, the pound's index fell 0.3 to 76.8, but finished unchanged from its opening level.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug.17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.6838	+2.89	+1.08	±1.5344
Danish Krone	7.85212	7.97399	+1.55	-0.26	±1.5404
German D-Mark	2.05853	2.08412	+1.24	-0.57	±1.0981
French Franc	6.90403	7.05459	+2.18	+0.37	±1.3674
Dutch Guilder	2.31943	2.35274	+1.44	-0.37	±1.5012
Irish Punt	0.768411	0.777080	+1.13	-0.68	±1.6684
Italian Lira	1483.58	1542.87	+4.00	+2.87	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Aug.17	Latest	Previous Close
£ Spot	1.6870-1.6880	1.7260-1.7275
1 month	0.39-0.38pm	0.39-0.38pm
3 months	1.22-1.19pm	1.14-1.11pm
12 months	3.53-3.43pm	3.38-3.28pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug.17	Previous
8.30 am	76.8	77.0
9.00 am	76.7	77.0
10.00 am	76.8	77.0
11.00 am	76.9	77.0
Noon	76.9	77.0
1.00 pm	76.9	76.9
2.00 pm	76.8	77.0
3.00 pm	76.9	77.0
4.00 pm	76.8	77.1

POUND SPOT- FORWARD AGAINST THE POUND

Aug.17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6890-1.7080	1.6895-1.6905	0.39-0.36cpm	2.66	1.21-1.17pm	2.82
Canada	2.0820-2.0985	2.0820-2.0830	0.32-0.22cpm	1.56	0.91-0.80pm	1.64
Netherlands	3.64-3.65½	3.64¼-3.65¼	1¾-1⅝cpm	5.55	5¼-5⅛pm	5.89
Belgium	67.30-67.95	67.30-67.40	25-22cpm	4.19	72-68pm	4.16
Denmark	12.31¼-12.38¼	12.35¼-12.36¼	2¾-2¼orepm	2.49	8¼-7¾pm	2.65
Ireland	1.1985-1.2085	1.2055-1.2065	0.40-0.34pm	3.68	1.32-0.97pm	3.80
W. Germany	3.22½-3.23½	3.23-3.23½	1¾-1⅝pfpm	6.03	5¼-5pm	6.42
Portugal	259.25-261.70	259.25-260.25	26-63cdis	-2.06	77-166dis	-1.87
Spain	211.20-212.30	211.45-211.75	26-15cpm	1.16	67-53pm	1.15
Italy	2386-2395¼	2389½-2390½	2-1lirepm	0.75	4-2pm	0.50
Norway	11.74-11.80¼	11.75¼-11.76¼	1⅛-1⅞oredis	-0.94	5¼-5⅞dis	-1.83
France	10.93-10.95	10.93¼-10.94¼	3¼-3⅛cpm	3.57	9⅞-9¼pm	3.45
Sweden	11.02¼-11.07	11.02¼-11.03¼	¾-½orepm	0.75	2¾-2¼pm	0.93
Japan	226-227½	226-227	1⅜-1¼ypm	6.95	3⅞-3¾pm	6.73
Austria	22.62-22.75	22.72-22.75	11¾-11grpm	6.04	38¾-33¾pm	6.09
Switzerland	2.70½-2.72¼	2.70½-2.71½	1⅝-1½cpm	8.09	5¼-5⅛pm	7.75

Belgian rate is convertible francs. Financial franc 68.05-68.15. Six-month forward dollar 2.06-2.01cpm 12 months 3.48-3.38cpm

CURRENCY RATES

Aug.17	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	—	0.756546	0.645203
U.S Dollar	6.50	1.29393	1.09910
Canadian $	8.75	1.58829	1.35115
Austrian Sch.	3½	17.1781	14.6510
Belgian Franc	7	51.1454	43.6838
Danish Krone	7½	9.36927	7.97399
Deutsche Mark	3	2.44124	2.08412
Neth.Guilder	4	2.75540	2.35274
French Franc	9½	8.26944	7.05459
Italian Lira	12½	1809.58	1542.87
Japanese Yen	2½	172.221	146.675
Norway Krone	8	8.94358	7.59810
Spanish Peseta	-	160.327	136.728
Swedish Krona	8½	8.38072	7.15702
Swiss Franc	2½	2.04633	1.75307
Greek Drach.	20½	195.836	167.195
Irish Punt	-	0.900058	0.777080

*All SDR rates are for Aug.26

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Aug.17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6890-1.7080	1.6895-1.6905	0.39-0.36cpm	2.66	1.21-1.17pm	2.82
Ireland†	1.4020-1.4210	1.4030-1.4040	0.15-0.20cdis	-1.49	0.47-0.57dis	-1.47
Canada	1.2255-1.2335	1.2320-1.2330	0.10-0.13cdis	-1.12	0.35-0.38dis	-1.19
Netherlands	2.1290-2.1610	2.1580-2.1590	0.55-0.53cpm	3.02	1.72-1.68pm	3.17
Belgium	39.50-39.95	39.80-39.90	6.00-4.00cpm	1.51	16.00-12.00pm	0.90
Denmark	7.21¼-7.31¼	7.31-7.31½	0.25d-0.05orepm	-0.17	0.45-0.05pm	0.34
W. Germany	1.8850-1.9140	1.9120-1.9130	0.55-0.53pfpm	3.41	1.69-1.64pm	3.50
Portugal	154-155	154½-155	50-70cdis	-4.68	155-205dis	-4.68
Spain	123.75-125.20	125.10-125.20	10-20cdis	-1.45	45-55dis	-1.61
Italy	1398-1414½	1414-1414½	1.30-2.30liredis	-1.07	7.30-8.80dis	-2.29
Norway	6.89½-6.96¼	6.95¾-6.96¼	2.40-2.55oredis	-4.29	8.00-8.20dis	-4.68
France	6.38¾-6.47½	6.47-6.47½	0.55-0.45cpm	0.93	1.35-1.05pm	0.75
Sweden	6.47-6.52¾	6.52¾-6.52¾	1.00-1.10oredis	-1.94	2.80-3.00dis	-1.79
Japan	133.00-134.10	134.00-134.10	0.47-0.44ypm	4.09	1.36-1.33pm	4.03
Austria	13.26¼-13.37½	13.37-13.37½	4.00-3.70gropm	3.46	11.75-10.75pm	3.37
Switzerland	1.5855-1.6050	1.6025-1.6035	0.75-0.71cpm	5.48	2.06-2.01pm	5.09

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 40.25-40.35.

CURRENCY MOVEMENTS

Aug.17	Bank of England Index	Morgan** Guaranty Changes %
Sterling	76.8	-15.2
U.S Dollar	100.3	-9.1
Canadian Dollar	84.1	-3.4
Austrian Schilling	132.3	+9.7
Belgian Franc	97.0	-4.3
Danish Kroner	88.1	-0.1
Deutsche Mark	142.4	+20.5
Swiss Franc	164.2	+19.6
Guilder	131.2	+12.9
French Franc	68.3	-15.2
Lira	44.7	-21.3
Yen	241.4	+78.4

Morgan Guaranty changes: average 1980-1982=100, Bank of England Index (Base Average 1975=100) **Rates are for Aug.16.

EURO-CURRENCY INTEREST RATES

Aug.17	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	9¾-9½	10¼-10⅛	11⅛-11	11⅝-11½	11⅝-11½	11⅝-11½
US Dollar	8-7¾	8⅛-8⅛	8⅜-8¼	8⅝-8½	9-8⅞	9¼-9⅛
Can. Dollar	9-8¾	9¼-9⅛	9⅝-9½	9¾-9⅝	10⅛-10	10⅜-10¼
D. Guilder	4¾-4⅝	5¼-4⅞	5⅛-5⅛	5⅝-5½	5¾-5⅝	5⅞-5¾
Sw. Franc	2-1⅞	2¼-2	3-2¾	3⅝-3½	4⅛-3⅞	4⅜-4¼
Deutschmark	4⅜-4¼	4⅝-4½	5-4¾	5⅜-5¼	5⅝-5½	5⅞-5¾
Fr. Franc	7⅛-7⅛	7⅜-7¼	7⅛-7⅛	7⅞-7¾	8¼-8⅛	8⅝-8½
Italian Lire	11-9	10-9	10¼-10	11⅛-10⅞	11⅜-11⅛	11⅝-11½
B. Fr. (Fin)	6⅝-6⅛	6⅝-6⅜	7-6⅞	7¼-7⅛	7⅝-7½	7⅞-7¾
B. Fr. (Con.)	6⅝-6	6⅜-6⅛	7⅛-6⅞	7½-7⅜	8-7⅞	8⅛-7⅞
Yen	4-3⅞	9⅛-8⅞	9⅞-9⅝	9⅞-9⅝	10¼-10	10⅜-10¼
D. Krone	8¼-8	8½-8¼	8¾-8½	9-8⅞	9¼-8⅞	9½-9
Asian $Sing	8⅛-8⅛	8⅛-8⅛	8¼-8⅛	8⅜-8¼	9-8⅞	9¼-9⅛

Long term Eurodollars: two years 9¼-9⅛ per cent; three years 9⅜-9¼ per cent; four years 9⅝-9½ per cent; five years 10-9⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Aug.17	£	$
Argentina	20.2940-20.4420	11.9200-12.0000
Australia	2.1185-2.1215	1.2460-1.2470
Brazil	452.55-455.10	265.80-267.15
Finland	7.6135-7.6270	4.4770-4.4790
Greece	256.30-260.85	150.75-153.25
Hong Kong	13.2595-13.2755	7.8035-7.8055
Iran	121.70*	70.50*
Korea(Sth)	1225.10-1234.95	720.00-725.00
Kuwait	0.48400-0.48510	0.28275-0.28325
Luxembourg	67.30-67.40	39.80-39.90
Malaysia	4.4950-4.5065	2.6470-2.6490
Mexico	3888.50-3904.00	2284.00-2292.00
N. Zealand	2.6130-2.6160	1.5375-1.5395
Saudi Ar.	[illegible]	[illegible]
Singapore	[illegible]	[illegible]
S. Af (Cm)	[illegible]	[illegible]
S. Af (Fn)	[illegible]	[illegible]
Taiwan	[illegible]	[illegible]
U.A.E.	6.2500-6.2540	3.6725-3.6735

*Selling rate

EXCHANGE CROSS RATES

Aug.17	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.690	3.233	226.5	10.94	2.710	3.648	2390	2.083	67.35
$	0.592	1	1.913	134.0	6.473	1.604	2.159	1414	1.233	39.85
DM	0.309	0.523	1	70.06	3.384	0.838	1.128	739.3	0.644	20.83
YEN	4.415	7.461	14.27	1000.	48.30	11.96	16.11	10552	9.196	297.4
F Fr.	0.914	1.545	2.955	207.0	10.	2.477	3.335	2185	1.904	61.56
S Fr.	0.369	0.624	1.193	83.58	4.037	1	1.346	881.9	0.769	24.85
H Fl.	[illegible]	[illegible]	[illegible]	[illegible]	2.999	0.743	1	655.2	0.571	18.46
Lira	[illegible]	[illegible]	[illegible]	[illegible]	4.577	1.134	1.526	1000.	0.872	28.18
C $	[illegible]	[illegible]	[illegible]	[illegible]	5.252	1.301	1.751	1147	1	32.33
B Fr.	[illegible]	[illegible]	[illegible]	[illegible]	16.24	4.024	5.416	3549	3.093	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

A little optimism threatens

STERLING BASED interest rate contracts traded in a very narrow range on Liffe yesterday.

The best chance of improvement in sentiment was seen in the short sterling contract, which closed just above the day's low in a very subdued market.

Traders said bad UK money supply and bank lending figures are already built into the price structure.

Today's bank and building society lending figure (M4) for July is expected to be around £9bn, and perhaps £9.5bn, rising from the June record of £8.6bn. The greatest potential may therefore be for improvement in prices, if the bank lending figure is better than feared.

It has been suggested that corporate borrowing was particularly heavy in June and that this may have tailed off in July, helping to relieve the pressure from increased mortgage borrowing.

Gilts showed virtually no movement, also finishing just above the day's low, as dealers awaited the the monetary data.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
88	626	662	0	2
90	426	504	0	8
92	227	319	1	23
94	40	154	14	58
96	2	55	140	159
98	1	22	339	326
100	0	7	538	511

Estimated volume total, Calls 134 Puts 312
Previous day's open int. Calls 30855 Puts 37300

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
78	658	644	0	24
80	458	504	0	48
82	259	337	1	117
84	100	222	6	202
86	4	134	110	304
88	0	48	306	428
90	0	26	506	606

Estimated volume total, Calls 80 Puts 628
Previous day's open int. Calls 3212 Puts 2806

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Aug	Calls-settlements Sep	Puts-settlements Aug	Puts-settlements Sep
17000	1300	1317	0	17
17500	801	867	1	67
18000	330	497	30	197
18500	53	299	253	439
19000	2	94	702	794
19500	0	30	1200	1230
20000	0	8	1700	1708

Estimated volume total, Calls 0 Puts 2
Previous day's open int. Calls 19 Puts 134

LIFFE £/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT [illegible]

7-10 YEAR 9% NOTIONAL GILT [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND [illegible]

THREE MONTH STERLING [illegible]

US TREASURY BONDS [illegible]

FT-SE 100 INDEX [illegible]

THREE MONTH EURODOLLAR [illegible]

US TREASURY BONDS 8% [illegible]

CURRENCY FUTURES

LIFFE-STERLING [illegible]

Estimated Volume 0 (20)
Previous day's open int. 195 (185)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6900	1.6863	1.6781	1.6697	1.6557

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Sep	1.6960	1.7010	1.6946	1.6998
Dec	1.6862	1.6886	1.6836	1.6892
Mar	1.6760	1.6800	1.6760	1.6810

CHICAGO

U.S. TREASURY BONDS (CBT) 8% [illegible]

U.S. TREASURY BILLS (IMM) [illegible]

SWISS FRANC (IMM) [illegible]

JAPANESE YEN (IMM) [illegible]

DEUTSCHE MARK (IMM) [illegible]

THREE-MONTH EURODOLLAR (IMM) [illegible]

STANDARD & POORS 500 INDEX [illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS : 35,739

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%
ABN Bank	11
Adam & Company	11
AAB - Allied Arab Bk	11
Allied Irish Bank	11
Henry Ansbacher	11
ANZ Banking Group	11
Associates Cap Corp	10
Authority Bank	11
B & C Merchant Bank	11
Banco de Bilbao	11
Bank Hapoalim	11
Bank Leumi (UK)	11
Bank Credit & Comm	11
Bank of Cyprus	11
Bank of Ireland	11
Bank of India	11
Bank of Scotland	11
Banque Belge Ltd	11
Barclays Bank	11
Benchmark Bank PLC	11
Berliner Bank AG	11
Brit Bk of Mid East	11
● Brown Shipley	11
Business Mtge Tst	11
CL Bank Nederland	11
Central Capital	11
● Charterhouse Bank	11
Citibank NA	11
City Merchants Bank	11
Clydesdale Bank	11
Comm. Bk. N. East	11
Co-operative Bank	*11
Coutts & Co	11
Cyprus Popular Bk	11
Dunbar Bank PLC	11
Duncan Lawrie	11
Equatorial Bank plc	11
Exeter Trust Ltd	11½
Financial & Gen. Sec	10½
First National Bank Plc	11½
● Robert Fleming & Co.	11
Robert Fraser & Ptnrs.	12
Girobank	11
● Guinness Mahon	11
HFC Bank plc	11
● Hambros Bank	11
Heritable & Gen Inv Bk	11
● Hill Samuel	§11
C. Hoare & Co.	11
Hongkong & Shangh	11
● Leopold Joseph & Sons	11
Lloyds Bank	11
Meghraj Bank Ltd	11
Midland Bank	11
Mount Bnkg Corp.	11
Nat Bk. of Kuwait	11
NatWestminster	11
Northern Bank Ltd	11
Norwich Gen. Trust	11
PRIVATbanken Limited	11
Provincial Bank PLC	12
R. Raphael & Sons	11
Roxburghe G'rantee	11½
Royal Bk of Scotland	11
Royal Trust Bank	11
Smith & Williamson Secs.	11
Standard Chartered	11
TSB	11
UDT Mortgage Exp	‡11.45
United Bk of Kuwait	11
United Mizrahi Bank	11
Unity Trust Bank Plc	11
Western Trust	11
Westpac Bank Corp.	11
Whiteaway Laidlaw	11½
Yorkshire Bank	11

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MONEY MARKETS

Fears of rate rise

THERE WAS little change in London interest rates yesterday. Three-month interbank traded throughout at an unchanged 11⅝-11½ p.c., as the market settled down to wait for today's figures on UK money supply and bank lending.

Rates already discount a rise of ½ p.c. in UK bank base rates, but it has been suggested in the City that the next move could bring a full 1 p.c. rise to 12 p.c.

UK clearing bank base lending rate
11 per cent
from August 8

Forecasts for bank and building society lending (M4) in July range up to £9.5bn, after a record rise of £8.6bn in June. This may prove the catalyst for higher rates, but the authorities will wish to avoid another surge in the value of sterling against the D-Mark.

The Bank of England initially forecast a money market surplus of £250m, but revised this to £100m at noon.

The authorities did not operate in the market during the morning, but in the afternoon absorbed surplus funds by selling £100m Treasury bills, due tomorrow, at rates of 8⅞ p.c. to 9¾ p.c.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £20m, with a rise in the note circulation absorbing £125m. These factors were outweighed by Exchequer transactions, adding £335m to liquidity, and bank balances above target of £85m.

In Frankfurt credit conditions improved, with call money falling to 4.75 p.c. from 4.90 p.c. The West German Bundesbank injected DM4.1bn into the banking system, via a securities repurchase agreement tender, at an unchanged 4.25 p.c.

The Bundesbank accepted only 6 p.c. of bids, but the funds were enough to relieve pressure, as there was no expiring pact to drain money from the market.

Tax payments may tighten conditions towards the end of this week, but the market is now finding funds comfortably below the Bundesbank's Lombard emergency funding rate of 5.00 p.c.

The main worry is that US interest rates will rise, pulling the dollar higher, and renewing pressure on the Bundesbank to lift German rates.

In Paris the Bank of France announced that a Treasury bill tender will take place on Monday. The central bank will offer FFr5bn of 13-week bills; FFr2.5bn of two-year bills; and FFr1.5bn of five-year bills.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.17) 3 months US dollars		6 months US Dollars	
bid 8⅝	offer 8¾	bid 8⅞	offer 9

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9¾-⅞
Fed. funds	8⅛-⅛
Fed. funds at intervention	-

Treasury Bills and Bonds

One month	5.66	Three year	8.85
Two month	6.74	Four year	8.96
Three month	7.29	Five year	9.05
Six month	7.56	Seven year	9.22
One year	8.25	10-year	9.37
Two year	8.73	30-year	9.42

Aug.17	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.70-4.80	5.00-5.15	5.10-5.20	5.20-5.35	5.45-5.65	5.00
Paris	7⅞-7½	7⅛-7½	7½-7⅝	7⅞-7¾	7⅞-8⅛	6.75
Zurich	2⅛-2⅛	2¾-3	-	3⅝-3⅞	-	-
Amsterdam	4⅝-4⅞	5⅛-5⅜	-	5⅝-5⅜	-	-
Tokyo	3.84375	4.15625	-	-	-	-
Milan	9¾-10¼	10⅞-11	-	11-11½	-	-
Brussels	3.60	6⅞-6⅞	-	7⅛-7⅛	-	-
Dublin	7⅜-7⅛	7⅛-7⅝	7½-7⅝	7⅝-7⅞	8⅛-8⅛	-

LONDON MONEY RATES

Aug.17	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10¼	10⅞	11	11⅝	11⅝	11⅝
Interbank Bid	7	10⅝	10⅞	11½	11½	11½
Sterling CDs	-	-	10⅞	11⅜	11⅜	11⅜
Local Authority Deps.	9¾	10	10⅞	11⅜	11⅜	11⅜
Local Authority Bonds	-	-	10⅞	11⅜	11⅝	11⅝
Discount Mkt Deps.	9½	10	10½	10⅞	-	-
Company Deposits	-	-	10⅞	11⅜	11⅜	11½
Finance House Deposits	-	-	10⅞	11½	11⅝	11⅝
Treasury Bills (Buy)	-	-	11	11⅛	-	-
Bank Bills (Buy)	-	-	10⅞	11⅛	11	-
Fine Trade Bills (Buy)	-	-	11⅛	11⅝	11⅝	-
Dollar CDs	-	-	8.30-8.25	8.60-8.55	8.90-8.85	8.90-8.85
SDR Linked Dep Offer	-	-	7⅛	7½	7¾	7⅞
SDR Linked Dep Bid	-	-	6⅞	7⅜	7½	7⅝
ECU Linked Dep Offer	-	-	7⅜	7⅝	7⅞	8
ECU Linked Dep Bid	-	-	7⅛	7½	7⅝	7⅞

Treasury Bills (sell): one-month 10⅞ per cent; three months 11 per cent; Bank Bills (sell): one-month 10¾ per cent; three months 10⅞ per cent; Treasury Bills: Average tender rate of discount 10.6781 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day July 29, 1988. Agreed rates for period August 24, 1988 to September 25, 1988, Scheme I: 11.49 p.c., Schemes II & III: 11.86 p.c. Reference rate for period July 1, 1988 to July 29, 1988, Scheme IV&V: 10.511 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 from August 1, 1988; Bank Deposit Rates for sums at seven days notice 5.25 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7¾ per cent; one-three months 9 per cent; three-six months 9 per cent; six-nine months 9½ per cent; nine-twelve months 9½ per cent; Under £100,000 7 per cent from July 5, 1988. Deposits withdrawn for cash 5 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Asset Value	319.7	322.8	343.7	.....	2.90
Conv & Gilt	38.74	38.74xd	41.25	-0.04	5.21
Smaller Co's	170.4	170.4xd	181.4	+0.4	2.23
2nd Smaller Co's	195.1	195.1	207.7	+0.3	1.90
Recovery	100.4	100.4	106.9	+0.5	2.92
Met Min & C'dty	105.4	105.4	112.2	+0.2	1.48
O'seas Earnings	206.7	220.1	220.0	.....	3.18
Technology	87.20	87.20	92.86	.....	1.39
UK Special Sits	263.4	263.4	280.5	+1.0	2.58

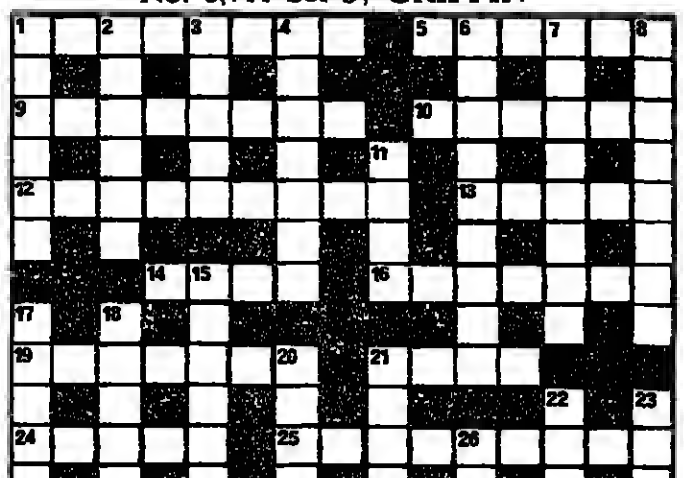
Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 01-248 4400

Brewin Capital	179.4	190.7	202.8	-5.3	1.56
Brewin Dividend	94.25	98.80xd	105.1	-2.5	5.94
Brewin Int Gth Inc	206.1	216.3	230.1	-5.1	3.56

JOTTER PAD

CROSSWORD

No. 6,711 Set by GRIFFIN



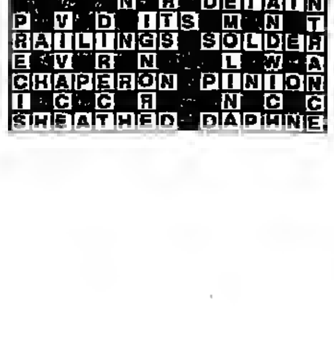
ACROSS

1 Broadcast "St Martin's Conversion" (8)
5 A leading farmer, just after business (6)
9 Goes over one's head if Dr Laurel slips round (8)
10 Sensual redhead entering passage (6)
12 The Royal Society accepts Brook's novels (9)
13 A container for bread (5)
14 Permit fool to return music centre (4)
16 Save when left in crude container (7)
19 Entangle with mobile swinging outside back door (7)
21 Station Street, behind the Post Office (4)
24 A uniform colour (5)
25 Try a half when our Dave's around (9)
27 A fair, lit up (6)
28 Inventing article inserted when searching (8)
29 Greatly fears entering father's again (6)
30 Novel keel's weight reduced to a minimum (8)

DOWN

1 A model Brown finds reliable (6)
2 Colour of a stream around mid-January (6)
3 Indicate rider reversing about 45 inches (5)
4 Troubles nurse to stand in for indisposition (7)
6 They uphold certain standards (9)
7 Strange sailor left manor in ruins inside (8)
8 Eased vile mixture inside pipe (8)
11 Invites a king on board (4)
15 Has boiled stew cancelled (9)
17 Pack some bananas for Jack (8)
18 Grating an Indian is climbing into (8)
20 Gladly left one key to top flat (4)
21 Prevents people entering aged lift in group (7)
22 Love girl in order to become Russian (6)
23 Put on entertaining music for fierce woman (6)
26 Virginia put up with trouble after use (5)

Solution to Puzzle No.6,710



GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust Information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♦ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Swiss Life Pen Tst Man Co Ltd (1000)H						
99-101 London Rd, Sevenoaks 0732 450161						
Equity Dist	5	326.4	332.5	351.9	+0.9	2.94
Equity Acc	5	410.9	426.8	451.6	+1.1	2.94
Fixed Int Dist	5	116.2	118.2	122.5	+0.1	9.12
Fixed Int Acc	5	206.0	209.6	217.2	+0.2	9.12
TSB Unit Trusts (y) (1000)F						
Charlton Pl, Andover, Hants, SP10 1RE						
TSB American	5	96.11	96.11	102.21	[illegible]	[illegible]
Do Accum	5	103.27	103.27	109.83	[illegible]	[illegible]
TSB Brit Growth	5	54.65	54.65	58.14	[illegible]	[illegible]
Do Accum	5	56.42	56.42	60.02	[illegible]	[illegible]
TSB Eurofund	5	47.92	47.92	50.96	[illegible]	[illegible]
Do Accum	5	49.24	49.24	52.38	[illegible]	[illegible]
TSB Extra Income	5	145.37	146.36	155.65	[illegible]	[illegible]
Do Accum	5	187.04	188.91	200.92	[illegible]	[illegible]
TSB Smaller Cos	5	54.82	56.46	[illegible]	[illegible]	[illegible]
Do Accum	5	55.38	57.03	[illegible]	[illegible]	[illegible]
TSB General	5	176.06	176.06	[illegible]	[illegible]	[illegible]
Do Accum	5	304.68	304.68	[illegible]	[illegible]	[illegible]
TSB Gilt & Fxd Int	3¼	47.18	47.18	[illegible]	[illegible]	[illegible]
Do Accum	3¼	71.23	71.23	[illegible]	[illegible]	[illegible]
TSB Income	5	262.27	263.50	[illegible]	[illegible]	[illegible]
Do Accum	5	438.38	440.42	[illegible]	[illegible]	[illegible]
TSB Pacific	5	210.78	210.78	[illegible]	[illegible]	[illegible]
Do Accum	5	219.15	219.15	[illegible]	[illegible]	[illegible]
TSB International	5	321.17	321.17	342.90	[illegible]	[illegible]
Do Accum	5	403.99	403.99	[illegible]	[illegible]	[illegible]
TSB Nat Resources	5	62.37	62.93	[illegible]	[illegible]	[illegible]
Do Accum	5	65.56	66.15	70.57	[illegible]	[illegible]
TSB Slctd Opps	5	81.72	81.72	86.94	+0.27	[illegible]
Do Accum	5	92.10	92.10	97.98	[illegible]	[illegible]
3i Unit Trust Managers Ltd (1000)F						
31 Homer Rd, Solihull, B91 3QA 01-928 3356						
Small Co's	5	50.67	50.67	53.47	+0.28	—
Target Trust Mngrs Ltd (1600)H						
Target Hse, Gatehouse Rd, Aylesbury, Bucks. Admin: 0296 394000						
American Eagle	5	61.33	61.33	[illegible]	[illegible]	[illegible]
Commodity	5	78.96	78.96	[illegible]	[illegible]	[illegible]
Convertible	5	147.2	147.2	[illegible]	[illegible]	[illegible]
Equity	5	150.4	150.4	161.7	+0.7	[illegible]
Euro Spec Sits	5	77.23	77.23	83.02	+1.05	[illegible]
Financial	5	31.43	31.43	[illegible]	[illegible]	[illegible]
Global Opps Inc	5	57.05	57.05	[illegible]	[illegible]	[illegible]
Global Opps Acc	5	57.05	57.05	[illegible]	[illegible]	[illegible]
Gold Income	5	52.10	52.10	[illegible]	[illegible]	[illegible]
Gold Acc	5	95.96	95.96	[illegible]	[illegible]	[illegible]
Income	5	106.9	106.9	115.0	+0.7	[illegible]
Japan	5	120.5	120.5	129.6	+2.2	[illegible]
Pacific Income	5	115.1	115.1	[illegible]	[illegible]	[illegible]
Pacific Re Inv	5	143.5	143.5	[illegible]	[illegible]	[illegible]
Preference Share	5	24.77	24.77	[illegible]	[illegible]	[illegible]
Special Sits	5	100.6	100.6	[illegible]	[illegible]	[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
MIM Ltd				
Mngd Fund (Acc)	54.6	58.2	-0.3	0.80
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Exmt Aug 17	38.6	40.1	—	2.27
Euro Exmt Aug 17	38.4	40.3	—	2.3
Fixed Int Ex Aug 17	49.2	51.6	—	9.43
Japan Exmt Aug 17	53.0	55.2	—	0.55
Managed Ex Aug 16	38.8	41.1	-0.6	4.55
SE Asia Exmt Aug 17	38.4	40.3	—	2.22
Sm Cos Exmt Aug 17	45.0	47.2	—	2.56
UK Eqty Ex Aug 17	36.0	37.8	—	3.81
New Court Property Fund Managers				
NC Property	189.5	199.5	—	—
Phillips & Drew Fnd Management Ltd				
PDFM Small Co	812.0	852.0	—	3.50
Do Accum	838.0	870.0	—	3.50
PDFM Int Exmt Aug 11	119.2	125.1	—	2.65
J. Rothschild Fund Managers Ltd				
Inst Exempt	93.39	94.40	—	3.00

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
AA Friendly Society				
(Investment Mngt M & G Inv Mngt Ltd)				
AA Friendly Sy Aug 12	—	140.9	—	—
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	251.2	264.5	—	—
Equity Ser. 1	115.1	121.2	+0.4	—
Prop. Acc. Sr 2	363.7	382.9	—	—
Equity Ser 2	130.6	137.5	+0.4	—
Selective Acc	287.5	302.7	+0.5	—
Prop. Ser. 4	284.9	299.9	—	—
Equity Ser. 4	133.1	140.2	+0.4	—
Fixed Int. Sr. 4	211.8	223.0	—	—
Indexed Inv. Ser. 4	120.7	127.2	+0.1	—
American Sr. 4	253.5	266.9	+2.4	—
High Inc. Sr. 4	378.9	398.9	+2.2	—
Japan Ser 4	275.0	289.5	+2.7	—
Man. Ser. 4	372.7	392.4	+0.7	—
Money Ser 4	217.6	229.1	—	—
European Ser 4	92.3	97.2	+0.2	—
Pension Funds				
Property	483.9	509.4	[illegible]	—
Equity	949.5	999.5	[illegible]	—

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

	Bid Price	Offer Price	+ or –	Yield Gross
Phoenix Assurance Co Ltd				
Phoenix House, Redcliff Hill, Bristol 0272 294941				
Life Assurance Funds				
Wealth Assd	389.6	410.2	-0.5	–
Eb'r Ph. Eq.	347.0	369.3	----	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	171.3	180.3	+0.5	–
International Acc.	140.0	148.2	-1.5	–
Property Acc.	142.9	150.4	+0.2	–
Fixed Interest Acc.	153.6	161.6	-1.2	–
Money Acc.	142.6	150.1	----	–
Bldg Soc. Link Acc.	139.6	146.9	+0.1	–
Special Mngd. Acc.Q.	153.1	161.1	+0.3	–
Phoenix/Framlington				
Intnl. Growth Acc.	88.80	93.40	+0.40	–
Am. Smllr Cos Acc.	85.90	90.40	+0.50	–
Capital Tst. Acc.	179.3	188.7	+0.4	–
Japan & Gen Acc.	199.0	209.4	+3.0	–
American Turn. Acc.	93.50	90.40	+0.79	–
Recovery Tst. Acc.	181.6	191.1	+0.7	–
Special Mngd Acc.	151.1	159.0	+0.6	–
Phoenix/GT				
International Acc.	132.7	139.6	+0.4	–
US & General Acc.	86.20	90.70	+0.80	–
Amer Spec Sits Acc.	64.60	68.90	+0.80	–
Japan & General Acc.	195.7	205.9	-0.5	–
Far East & Gen Acc.	143.1	150.6	+0.7	–
UK Capital Acc.	180.0	189.4	+0.4	–
European Acc.	139.5	146.0	-1.1	–
Special Mngd Acc.	129.4	136.2	+0.2	–
Pioneer Mutual Insurance Co Ltd				
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655				
Managed Fund	266.9	281.0	-4.9	–
Man Pens Inc & Cap Fds	340.9	358.9	-0.4	–
Money Fund	113.7	119.7	+0.1	–
Pens. Mngd Fd (Init)	90.0	94.8	-1.8	–
Pens Mngd Fd (Acc)	104.0	109.5	-1.9	–
Pens FT30 Fd (Init)	127.6	134.4	-2.7	–
Pens FT30 Fd (Acc)	147.4	155.2	-3.0	–
Pens O'seas MgFd(Init)	59.5	62.7	-2.0	–
Pens O'seas MgFd(Acc)	68.8	72.5	-2.1	–
Pens Fxd Int Fd (Init)	107.3	113.0	+0.6	–
Pens Fxd Int Fd (Acc)	123.9	130.5	+0.6	–
Pens Deposit Fd (Init)	101.6	107.0	----	–
Pens Deposit Fd (Acc)	117.4	123.6	+0.2	–
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	97.0	103.0	+3.0	–
Building Soc. Fd.	163.0	172.0	----	–
Balanced	246.0	259.0	----	–
Deposit	162.0	171.0	----	–
European	124.0	131.0	-1.0	–
GT Managed	151.0	159.0	----	–
Gartmore Mngd	101.0	107.0	----	–
German	92.0	97.0	----	–
Gilt	167.0	176.0	----	–
High Inc.	112.0	118.0	----	–
International Equity	156.0	165.0	----	–
Japan	220.0	232.0	+1.0	–
Managed	55.0	58.0	----	–
Property	262.0	276.0	----	–
R. W. Imperial Gold	129.0	136.0	----	–
UK Equity	329.0	347.0	----	–
Pension Funds				
American	129.0	136.0	----	–
Building Soc. Fd.	155.0	164.0	----	–
Balanced	189.0	199.0	----	–
Deposit	152.0	160.0	----	–
European	123.0	130.0	----	–
GT Managed	163.0	172.0	----	–
Gartmore Mngd	99.0	105.0	----	–
German	87.0	92.0	----	–
Gilt	141.0	149.0	----	–
International Equity	117.0	124.0	----	–
Japan	130.0	137.0	----	–
Managed	56.0	59.0	----	–
Property	200.0	211.0	----	–
UK Equity	283.0	298.0	----	–
Prolific Life & Pensions Ltd				
Stramongate, Kendall Cumbria LA9 4BE 0539 33733				

	Bid Price	Offer Price	+ or –	Yield Gross
Provident Mutual Life Asse. Assn.				
Willian Rd, Hitchin, Herts SG4 0LP 0438 739000				
Managed Ord.	288.7	303.9	----	–
Managed Init.	238.5	251.1	----	–
Equity Ord.	413.6	435.4	----	–
Equity Init.	341.7	359.7	----	–
Index Linked Gilt Ord.	122.0	128.4	----	–
Index Linked Gilt Init.	105.3	110.8	----	–
Overseas Equity Ord.	252.1	265.4	----	–
Overseas Equity Init.	208.3	219.3	----	–
Property Ord.	168.5	177.4	----	–
Property Init.	139.2	146.5	----	–
Fixed Interest Ord.	169.1	178.0	----	–
Fixed Interest Init.	139.7	147.1	----	–
Deposit Ord.	135.1	142.2	----	–
Deposit Init.	111.6	117.5	----	–
Pension Funds				
Managed Ord.	349.5	367.9	----	–
Managed Init.	288.7	303.9	----	–
Equity Ord.	521.4	548.8	----	–
Equity Init.	430.7	453.4	----	–
Pen Ind Lkd Gilt Ord.	131.5	138.4	----	–
Pen Ind Lkd Gilt Init.	113.4	119.4	----	–
Overseas Equity Ord.	285.1	300.1	----	–
Overseas Equity Init.	235.5	247.9	----	–
Property Ord.	196.5	206.8	----	–
Property Init.	162.3	170.8	----	–
Fixed Interest Ord.	191.2	201.3	----	–
Fixed Interest Init.	158.0	166.3	----	–
Deposit Ord.	168.4	177.3	----	–
Deposit Init.	139.1	146.4	----	–

For Provincial Life Ass Co Ltd see Prolific Life & Pensions Ltd

	Bid Price	Offer Price	+ or –	Yield Gross
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 01-405 9222				
Prufund				
Managed Aug 17	206.3	214.9	-3.4	–
Prudential Holborn Life Ltd				
30 Old Burlington St, London W1X 1LB 01-439 3134				
Managed	438.1	461.2	+1.2	–
Equity	885.5	932.2	+1.4	–
International	299.1	314.9	+2.6	–
Fixed Int.	362.9	382.1	+0.5	–
Property	340.2	358.2	----	–
Cash	239.1	251.7	+0.1	–
Pacific Basin	175.2	184.5	-2.2	–
North American	119.4	125.7	+0.6	–
European	123.5	130.1	+0.9	–
Holborn Balanced Grth	102.7	108.2	+0.4	–
Holborn Strategic Grth	102.4	107.8	+0.2	–
Prudential Holborn Pensions Ltd				
30 Old Burlington St, London W1X 1LB 01-439 3134				
Managed	477.8	503.0	+2.6	–
Equity	686.6	722.8	+4.5	–
Global Equity	194.3	204.6	+1.8	–
Fixed Interest	376.3	396.2	+0.2	–
Property	337.0	354.8	----	–
Cash	142.8	150.4	+0.1	–
Index Linked Gilt	168.0	177.7	+0.3	–
Guaranteed	10.75	11.50	+0.38	–
International Money	185.3	195.1	+0.2	–
North American	53.4	56.3	+1.2	–
Japanese	123.9	130.5	+1.4	–
European	67.8	71.4	+1.0	–
Special Situations	102.1	107.5	+0.3	–
Communications	83.6	88.1	+0.9	–
Smaller Companies	100.1	105.4	+0.2	–
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 01-405 9222				
Discretionary Aug 17	£129.23	133.00	-1.88	–
Equity Aug 17	£141.03	145.32	-2.55	–
International Aug 17	£20.25	20.91	+0.63	–
Intl Bond Aug 17	£10.44	10.57	+0.11	–
Fixed Int Aug 17	£68.42	69.31	+0.43	–
Index Linked Aug 17	£53.08	53.78	+0.51	–
Property Aug 17	£91.64	96.91	+2.15	–
Cash Aug 17	£18.9780	18.9810	+0.0317	–

	Bid Price	Offer Price	+ or –	Yield Gross
Royal Heritage Life Assurance Ltd – Contd.				
Hambro Universal Mng	99.0	105.1	----	–
H&B Mngd Portfolio	162.3	170.9		–
NIC Mngd Bond	99.0	105.1		–
South Yorks Mangt.	121.9	128.4	-2.4	–
City Capital Bond	124.3	130.9	----	–
Birchwood	128.9	135.7	----	–
Slade Investments	58.5	61.6		–
Flex Inv Planning	110.4	116.3	-2.1	–
Invest. Mkts Services	100.3	105.6		–
P.W. Intl. Portfolio	152.8	160.9	-4.5	–
Hardwick Inv. Mngt.	95.8	100.9	----	–
The Ivy Grwth Fd	95.0	100.0	----	–
Bakie Prem Portfolio	95.0	100.0	----	–
Citibond	122.0	128.5	----	–
Sterling Cap Grwth.	85.5	90.0	----	–
Connaught Swift Fund	55.1	58.1	----	–
Redcliffe Inc & Gth.	102.2	107.6	----	–
Gibbs Hartley Mgd Ptfl	84.9	89.4	----	–
Andrews Green Inv Ptfl	93.6	98.64	-2.0	–
Stoneleigh Inv Man Bd.	138.7	146.1	----	–
Chelsea Inv Port.	46.8	49.3	----	–
Derek Gardiner Mng	85.9	90.5	----	–
GLJ Managed Fnd	85.8	90.4	----	–
PEP Inv Port.	96.8	101.9	----	–
Western Counties Mng.	113.7	119.7	----	–
Saunders French Gth.	94.3	99.3	----	–
Bibby & Co Mng Fd.	107.7	113.4	----	–
YRA Portfolio	86.4	91.0	----	–
Private Portfolio Fd	91.4	96.3	+0.2	–
Fosters International	147.1	154.9	----	–
Jardine Mng Gth Fd.	98.1	103.3	----	–
The Tutors Intnl Fd.	46.9	49.4	----	–
Griffin Intl Growth	119.1	125.4	-0.4	–
Minster Fund	166.0	174.8	----	–
MI Fin Servs	81.9	86.3	----	–
Richards, Longstaff	96.3	101.4	-2	–
Optimum PIP	107.3	113.0	-1.9	–
P.W. W'wide Ops	105.7	111.5	-4.1	–
B.P.S. Bond	147.6	155.4	----	–
Knightsbridge Cap. Fd.	77.1	81.2	----	–
Campbell Cons Fd	80.7	85.0	-1.8	–
Stacey Gallters Fd.	121.7	128.2	----	–
Ethical Invest. Fd.	136.4	143.6	----	–
Spencer Hse MOO Fd	121.2	127.6	----	–
H&B Computrust	69.3	73.0	----	–
Southern Counties Mgd	95.5	100.6	----	–
South Coast Enterprise	116.3	122.5	----	–
CFM Managed Gwth Fd	109.3	115.1	----	–
Heritage Mngd Bond	164.6	173.3	----	–

	Bid Price	Offer Price	+ or –	Yield Gross
Shield Assurance Ltd				
40 Uxbridge Rd W5 2SS 01-567 0700				
Shield Life Mngd.	103.1	108.7	+0.1	–
Shield Pensions Mngd	106.2	112.0	+0.1	–
Shield Square	97.0	101.9	+0.1	–
Shield Square Pens.	98.2	103.28	+0.1	–
Skandia Life Assurance Co Ltd (z)				
Frobisher Hse, Nelson Gte, Southampton 0703 334411				
Skandia Life Funds				
Managed Fd.	232.3	244.5	-0.6	–
Equity Fd	282.1	296.4	-0.4	–
International Fd	217.6	229.0	-1.2	–
Gilt Plus Fd	195.4	205.6	-0.3	–
Property Fd	184.2	193.8	–	
Deposit Fd	174.6	183.7	–	
North American Fd	104.4	115.1	-1.4	–
North European Fd	174.3	183.4	-0.7	–
Int. Recovery Fd	155.8	164.0	-0.7	–
Pacific Fd	177.4	186.7	-0.4	–
Skandia Fidelity Funds				
American	88.6	93.2	-1.3	–
American Equity Inc.	87.1	91.6	-0.9	–
American Special Sits.	39.8	44.5	-0.9	–
Australia	80.4	84.6	-1.3	–
Eastern Opps.	93.9	98.8	-0.5	–
European	132.8	139.7	+0.6	–
European Income	87.4	92.0	-2.1	–
Famous Names	71.6	73.3	-1.0	–
Far East Income	115.8	121.8	+0.3	–
Gilt & Fxd Interest	101.6	106.9	-0.1	–
Global Convertible Tst.	93.5	98.4	-1.2	–
Growth & Income	110.3	116.1	-0.3	–
Income Plus	121.5	127.8	+0.3	–
International Bond	98.9	104.1	+0.4	–
Japan	123.5	129.7	+0.4	–
Japan Special Sits.	142.5	149.9	+0.4	–
Managed International	37.1	41.6	+0.9	–
Recovery	111.9	117.7	+0.8	–
South East Asia	129.3	136.1	+0.9	–
Special Sits	138.7	146.0	+0.6	–
Managed	112.2	118.1	-0.5	–
Skandia Framlington Funds				
American Smllr Co's	82.2	86.5	-0.7	–

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

UK LISTED

OFFSHORE INSURANCES

FT UNIT TRUST INFORMATION SERVICE

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

1988 High	1988 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
[illegible]	[illegible]	Redemption 3pc 1986-96	[illegible]	.....	[illegible]	0.75
[illegible]	[illegible]	Treas. 9½pc '88	[illegible]	.....	[illegible]	10.98
[illegible]	[illegible]	Treas 11½pc 1989	[illegible]	.....	[illegible]	10.91
[illegible]	[illegible]	Treas 9½pc Cnv 1989	[illegible]	.....	[illegible]	10.85
[illegible]	[illegible]	Treas 3pc 1989	[illegible]	[illegible]	[illegible]	8.23
[illegible]	[illegible]	Treas 10½pc 1989	[illegible]	.....	[illegible]	10.83
102	[illegible]	Exch. 10pc 1989	[illegible]	[illegible]	[illegible]	10.80
[illegible]	[illegible]	Exch 11pc 1989	[illegible]	.....	[illegible]	10.78
[illegible]	[illegible]	Treas 5pc 1986-89	[illegible]	[illegible]	[illegible]	9.56
[illegible]	[illegible]	Exch 10¼pcCv '89	[illegible]	[illegible]	[illegible]	10.38
107½	103	Treas 13pc 1990‡‡	[illegible]	.....	[illegible]	10.45
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	.....	[illegible]	10.45
[illegible]	[illegible]	Exch. 12½pc 1990	[illegible]	[illegible]	[illegible]	10.59
[illegible]	[illegible]	Treas. 3pc 1990	[illegible]	[illegible]	3.29	0.66
[illegible]	[illegible]	Treas 8¼pc 1987-90‡‡	[illegible]	[illegible]	8.54	10.31
[illegible]	[illegible]	Treas. 8pc Cv 1990 ‡‡	[illegible]	[illegible]	8.20	9.41
[illegible]	[illegible]	Treas. 10pcCv 1990	[illegible]	.....	10.09	10.44
[illegible]	[illegible]	Exch 2½pc 1990	[illegible]	[illegible]	2.83	8.16
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	.....	11.44	10.42
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]	[illegible]	6.30	9.59
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]	[illegible]	3.43	8.25
[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	[illegible]	[illegible]	10.02	10.08
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	10.81	10.32
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]	[illegible]	8.54	10.27
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	11.93	10.31
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	10.07	10.22
[illegible]	[illegible]	Treas. 8pc 1992 ‡‡	[illegible]	[illegible]	8.57	10.21
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	[illegible]	10.25
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	[illegible]	[illegible]	8.11
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	[illegible]	[illegible]	10.34
[illegible]	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	[illegible]	10.37

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

BRITISH FUNDS—Contd

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

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[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

UNIT TRUST NOTES

[illegible]

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
28⅝	19⅞	Texaco $6.25	26½xd	+⅜	♦$3.00	—	6.6
60¼	43¼	Time Inc. $1	55¼xd	+⅜	$1.00	—	1.1
20⅛	15⅞	Transamerica $1	19⅝xd	+¼	$1.84	—	3.6
		For Transworld see TW Services					
20½	14½	TRINOVA Corp	14⅞xd	+⅛	64c	—	2.5
19	15¼	USX $1	16⅞	+¼	$1.20	—	4.2
23	17⅝	Utd Technologies	21¼xd	+⅛	$1.60	—	4.4
33½	26¼	US West‖	32⅛	+½	$3.52	—	6.4
21⅝	16⅞	Waste Management $1	20xd	−⅛	48c	—	1.4
16⅞	12⅞	Whirlpool $1	15¼	+⅛	$1.10	—	4.2
32⅞	18¼	♥Woolworth $3½	28⅝	+1	$1.64	—	3.4

CANADIANS

1988 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
309p	173p	ABM Gold Corp ‖	221p	+1	—	—	—
32p	11p	♥Abbot Energy Corp	24½p	+½	—	—	—
14¼	990p	♥Amer. Barrick Res.	10¼	+⅛	—	—	—
10p	3½p	American Lightwave	4¼p	.....	—	—	—
47p	15¼p	♥Armeno	17⅝p	+⅛	—	—	—
76p	45p	Augmitto Expln	51½p	.....	—	—	—
15⅞	10⅞	Bk. Montreal ‖	13⅞xd	+⅛	$2.00	—	7.3
697p	514p	Bk. Nova Scot.‖	660p	.....	76c	—	3.6
18⅛	15¼	BCE ‖	17½xd	.....	$2.44	—	6.8
716p	591p	♥Bow Valley‖	630p	.....	♦40c	—	3.1
13⅝	10½	♥Brascan‖	12⅛	+⅛	88c	—	3.5
328p	189p	♥Breakwater Res.	231p	.....	10c	—	2.1
11¼	801p	Can.Imp Bank‖	11¼	+⅛	$1.16	—	5.0
11½	841p	Can. Pacific ‖	18⅝	.....	60c	—	2.7
41½	40	Do. 4pc Deb £100	40½	.....	4%	—	9.9
515p	362p	Central Capital "A" ‖	477p	+2	—	—	—
485p	440p	♥Corona Corp	442p	+2	—	—	—
886p	288p	Cons. TVX Min.	358p	+2	—	—	—
340p	76p	Danbus Res.	340p	+1	—	—	—
686p	430p	Derlan Inds	591p	+3	11.75c	—	1.0
14⅝	984p	♥Echo Bay Mines	10⅝	+⅛	$0.07	—	0.4
40p	26p	Energex Minerals	27¼p	.....	—	—	—
125p	83p	Euro-Asia Capital Ltd	100p	.....	—	—	—
386p	222p	♥Galactic Resources	292p	+1	—	—	—
125p	90¼p	♥Geodome Res.	91¼p	+½	—	—	—
394p	202p	Granges Expln‖	203p	+1	—	—	—
17p	8½p	♥Gt Pacific Res.	11p	+¼	—	—	—
903p	652p	♥Gulf Canada‖	843p	+11	52c	—	3.0
12⅛	816p	♥Hawker Sid Can‖	11⅛	+⅛	$1.08	—	4.7
590p	344p	Henlys Group	453p	+1	—	—	—
957p	785p	♥Hudson's Bay ‖	890p	.....	60c	—	3.3
28	22⅞	♥Imperial Oil‖	26⅝	−⅛	$1.80	—	3.4
20⅞	10⅛	Inco‖	16½	+⅛	US$0.80	—	2.8
718p	462p	♥Inland Nat. Gas $1	561p	+3	60c	—	3.2
250p	150p	Madeleine Mines	193p	−1	—	—	—
207p	126p	♥Muscocho Expln	198p	+1	—	—	—
187p	75p	♥Nuni Business Syst.‖	96p	.....	—	—	—
245p	110p	♥Nevada Goldfields	208p	+1	—	—	—
12	787p	♥Rio Algom	10½	.....	$1.30	—	6.0
16⅛	11½	Royal Bk. Can. ‖	15½	.....	$2.08	—	6.5
34⅛	26⅝	Seagram‖	31⅝	+⅛	US$1.20	—	2.2
361p	174p	♥Sonora Gold Corp‖	177p	+1	—	—	—
113p	18p	Spiral Eng.	112p	.....	—	—	—
150p	35p	Tam Pure Tech. Corp. ‖	119p	.....	—	—	—
16⅛	11⅛	Toronto-Dom. Bk.‖	15⅝	+⅛	$1.12	—	3.5
64p	14p	♥Trans Atlantic Res ‖	23½p	.....	—	—	—
684p	566p	♥Trans Can Pipe	612p	.....	68c	—	3.4
205p	127p	Varity Corp‖	166p	.....	B—	—	—

BANKS, HP & LEASING

1988 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
•232	124	ANZ $A1	225	+8	gtQ21c	3.1	4.3	7.6
281	200	Allied Irish β	250	+1	Q6.3%	5.1	5.5	7.9
£13¼	£10⅞	Algemene Fl.10	£12½	−⅛	Q27%	1.9	6.1	—
73	56	Anglo Irish γ	65	.....	Q19.69%	1.2	6.3	20.3
90	64	Ansbacher (H.) 1p. β	89	.....	2.0	—	3.0	—
£40½	£24⅛	Banco de Bilbao S.A.	£36⅞	+¼	Q67.2%	3.1	4.5	7.1
£35⅝	£27⅛	Banco de Santander	£30½	+⅛	Q22%	2.4	1.7	23.9
•268	184	Bank Ireland IrΣ1. β	234	.....	Q15.67%	3.3	3.6	7.3
£18½	£15	Bank Leumi	£18½	.....	—	—	—	—
350	350	Bank Leumi (U.K.)	350	.....	12.4	—	4.7	—
399	335	Bank Scotland £1. β	378	−5	h12.6	4.1	4.4	7.4
•65	45	Bank of Wales	64xr	.....	g2.8	2.6	5.8	9.2
•463	302	Barclays £1 α	408	+5	†19.93	3.5	6.7	5.7
38	26	Benchmark 20p γ	29	+1	1.63	1.6	7.5	11.4
435	355	Brown Shipley £1 γ	355	.....	10.5	—	3.9	—
77	47	Business Mort Tst. γ	62	+2	—	—	—	—
394	340	Cater Allen £1 β	354	.....	22.5	—	8.5	—
270	175	♦Chancery γ	268	−2	6.0	2.9	3.0	15.4
£15⅜	£13¼	Commerzbk DM10	£13⅞	+⅛	Q18%	—	4.2	—
£23⅛	£18	C'hgn.Hbk Kr100	£20⅛	−⅛	vQ15%	—	6.0	—
£154⅞	£114⅞	Deutsche Bk DM50	£142½	−⅛	Q24%	—	2.7	—
270	227	First Nat. Fin. 10p β	227	−1	†8.75	2.9	5.1	7.3
145	118	FNFC 6.3pc CnRedPref γ	118	.....	6.3%	—	7.1	—
33	15½	♥First Pac. Hldg. 50c	25½	.....	Q2.6c	3.6	6.2	2.9
£15¼	£12⅞	Fuji Bank Y50	£13⅞	+⅛	bQ14.3%	♦	0.3	♦
340	269	Gerrard & National β	269	.....	18.0	—	8.9	—
136	110	Goode Durrant 5p γ	155	.....	43.3	—	3.3	—
121	90	Guinness Mahon 10p β	121	.....	—	—	—	—
285	238	Hambros 20p β	247	+2	9.0	—	4.9	—
50	40	HK & Shang. HK$2.50	45	.....	t038c	—	6.4	—
440	413	Joseph (Leo) £1 γ	420xd	.....	14.38	—	4.6	—
158	136	King & Shaxson 20p γ	138	−2	9.25	—	8.9	—
407	321	Kleinwort Benson Grp. β	383	+3	14.0	—	4.9	—
317	238	Lloyds £1 α	305	+2	†13.2	4.6	3.8	4.8
57	45	Lon. Scot. Bank 10p γ	49	+1	†1.8	1.9	4.9	12.6
211	80	M Corp $5	88	+5	—	—	—	—
448	370	Midland £1 α	413	−2	†20.1	3.0	6.5	5.6
355	236	Morgan Grenfell £1 β	313	+9	10.85	—	4.6	—
•301	146	Nat Aust. Bk. A$1	294	+7	†gQ24.7c	2.1	3.6	13.4
605	525	Nat. West. £1 α	543	.....	†24.0	5.0	5.9	4.5
£225	£130	Ottoman Bank γ	£215	.....	Q80%	—	3.7	—
111	75	Rea Bros. Group γ	78	.....	†1.75	—	—	—
•149	94	Rothschild (J) Hldgs. β	143xd	+2	8.0	5.1	7.5	3.7
40	24¼	♥Rothwells A$0.50	29¼	+⅛	Q12.5c	7.1	17.7	0.8
380	297	Royal Bk. Scotland α	359	+4	†12.7	4.3	4.7	6.5
150	120	Scandinavian Bk Units β	136	−1	8.0	—	7.8	—
£10	850	Schroders £1 γ	950	.....	16.5	—	2.3	—
851	675	Do. £1 N/V γ	760	−15	16.5	—	—	—
£23⅛	£13⅞	Sec. Pacific $10	£21½	+⅛	Q$1.80	—	4.9	—
553	407	Standard Chartd. £1 α	507	+15	35.0	0.9	9.4	(15.3)
117½	96	TSB α	106xd	−½	†aW4.7	3.2	6.1	7.1
150	135	♦TSB Ch'nel Is'l β	149	−1	†5.4	2.8	4.4	9.5
595	501	Union Discount £1 β	543	−2	†b28.7	—	7.0	—
355	308	Warburg (S.G.) β	323	+5	11.5	—	4.9	—
133	110	Do 6pc A Cnv Prf. γ	113	.....	6%	—	7.1	—
£38⅛	£23	Wells Fargo $5	£37½	+⅞	Q$2.40	—	3.8	—
•326	150	Westpac $A1	317	+7	†gQ28½c	2.6	3.9	9.6
458	443	Wintrust 20p γ	453xd	.....	6.95	♦	2.0	♦

Hire Purchase, Leasing, etc.

1988 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
212	155	Anglo Leasing 10p γ	195	.....	3.5	3.2	2.4	10.2
•174	150	CLF 50p γ	169xr	.....	n1.74	8.5	1.4	9.3
116	106	Do. 6¼pc Cv Pf 50p. γ	106	.....	6.25	—	7.9	—
71	54	Cattle's (Hldg) 10p β	66	.....	2.5	2.1	5.1	12.4
£49½	£30⅞	Cie B'cre Fr.100	£48	+⅛	Q10%	—	2.3	—
38	24	Equity & Gen 5p γ	36	+1	1.35	2.2	3.1	10.6
369	330	Prov. Financial β	350	.....	16.0	2.2	6.1	9.7
125	41	♦Reflex Invs. Ir5p γ	120	.....	(Q28.8%)	♦	1.1	♦
199	140	Woodchester IR20p γ	172	.....	Q8.65%	3.7	0.8	30.4

BEERS, WINES & SPIRITS

1988 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
441	322	Allied-Lyons α	425	−1	13.0	2.3	4.1	12.8
867	758	Bass α	775	+4	†19.55	5.9	3.4	10.0
65	42	Belhaven β	64	−1	a1.0	3.4	2.1	18.5
175	127	Boddington β	164	.....	3.97	2.8	3.2	14.8
207	145	Buckley's Brewery β	160xd	.....	♦3.2	1.6	2.7	28.6
195	147	Bulmer (H.P.) 5p β	171	.....	6.5	2.5	5.1	10.6
191	120	Burtonwood Brewery β	174	.....	3.16	2.6	2.4	21.4
388	332	Clark (Matthew) γ	370xd	.....	11.0	♦	4.0	♦
371	292	Devenish (J.A.) 5p β	342	−1	3.0	4.1	1.2	24.0
265	205	Do 4.5pc Cv 2ndPf. γ	257	+2	4½%	25.3	2.3	—
530	325	♦Eldridge, Pope "A" β	528	.....	†7.75	3.4	2.0	19.9
610	485	♦Fuller, S.T.A. γ	618	.....	6.0	4.9	1.3	20.3
246	176	Greenall Whitley β	240	−1	†6.0	3.1	3.3	12.9
128	109	Do. 5.95pcCvPf£1 γ	125	.....	3.95%	—	6.3	—
494	436	Greene King β	469	.....	7.45	3.0	2.1	20.8
357	271	Guinness α	320½	−1½	9.2	3.2	3.8	10.6
113	95	Do. 5¼pc Cnv Prf γ	104	−1	5.75%	25.0	7.4	—
£138	£112	Do 8¼pcCvLn γ	£123	−1	Q8¼%	69.0	6.7	—
127	76	Highland Dists. 20p β	116	.....	12.45	2.6	2.8	18.1
306	168	Invergordon Dists. α	296	.....	5.75	2.8	2.6	18.1
319	125	Irish Distillers γ	290	+7	♦Q5.6%	1.7	3.7	26.5
•914	487	Macallan-Glenlivet γ	835	.....	94.42	3.9	0.7	40.7
£14⅛	£11¼	Macdonald Martin 'A' γ	£13⅞	.....	20.0	2.3	2.0	29.2
167	110	Marston Thompson β	154	+1	2.9	3.1	2.5	16.9
391	330	♦Merrydown Wine β	365xd	.....	6.0	♦	2.2	♦
683	464	Morland β	678	+3	†7.9	5.9	1.6	12.9
384	206	Scott & New 20p β	382	−2	9.14	2.2	3.2	18.1
•721	479	Vaux Group β	713	−1	K16.2	2.5	5.0	18.6
317	271	Whitbread 'A' α	301	−1	10.55	2.6	4.7	11.0
434	351	Wolv. & Dudley β	420	+1	†5.85	4.1	1.9	17.4
530	345	Young Brew 'A' 50p γ	525	.....	9.2	1.8	2.3	32.4
460	318	Do. Non. V. 50p γ	455	.....	9.2	1.8	2.7	28.0

BUILDING, TIMBER, ROADS

1988 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
400	315	AMEC 50p β	377xr	.....	13.0	2.7	4.6	10.7
105	101	Do. 6½pc Cm Cv Pf. γ	105	.....	6½%	—	8.4	—
273	145	Abbey γ	233xd	.....	24¾	♦	3.3	♦
473	343	Anglia Sec 10p γ	465	.....	†2.0	11.7	0.6	19.9
54	36	Anglo Utd. γ	48	.....	1.0	2.14	2.8	22.4
208	90	Arncliffe 10p γ	188	.....	†3.17	4.0	2.2	11.6
119	111	Arthur Shaw 10p γ	118	.....	13.3	2.8	3.7	12.9
535	340	♦Ashtead Group 10p γ	535xd	+10	4.0	♦	1.0	♦
320	247	Attwoods 5p γ	283	+3	†6.0	2.5	2.8	16.1
		For Aukett Associates see Industrials						
[illegible]	121	♦BMSS 10p γ	[illegible]	+2	‡3.75	2.2	4.1	11.3
[illegible]	248	BPB Inds. 50p α	[illegible]	.....	8.5	3.1	4.0	9.9
[illegible]	240	Baggeridge Brick γ	[illegible]	+2	†3.25	5.8	1.5	15.7
[illegible]	53	Bailey (Ben) 10p γ	[illegible]	+4	†1.2	4.3	1.9	16.2
[illegible]	78	Baldwin 10p γ	[illegible]	.....	2.0	♦	1.7	♦
[illegible]	73	♦Banner Homes 10p γ	[illegible]	.....	12.6	3.0	3.0	12.2
[illegible]	170	Barratt Dev. 10p β	[illegible]	−1	†8.93	1.6	6.8	12.0
[illegible]	181	Bellway γ	[illegible]	.....	8.0	2.6	4.6	11.1
[illegible]	85	Bellwinch 10p γ	94	.....	13.2	3.6	4.5	8.2
[illegible]	258	Berkeley Group γ	[illegible]	+1	3.5	7.5	1.5	11.5
[illegible]	83	Bett Bros. 20p γ	[illegible]	.....	†3.5	1.2	4.1	26.6
[illegible]	320	Blockleys 20p γ	[illegible]	.....	6.5	2.8	2.2	21.3
47½	408	Blue Circle £1 α	[illegible]	−2	15.0	2.4	4.4	10.9
295	167	Breedon γ	245	.....	6.35	1.2	3.5	32.3
285	275	BB & EA γ	285xd	.....	3.0	♦	1.4	♦
170	110	British Dredging β	144	.....	3.0	1.4	4.6	20.0
157	126½	Bryant Group β	135	.....	K4.9	4.5	4.8	10.9
125	121	♦Bucknall Austin 1p γ	121	.....	L3.3	2.1	3.6	13.2
144	110	CRH γ	131	.....	Q24.6%	3.4	3.9	11.4
358	258	Caradon 5p β	337	+1	8.0	3.1	3.2	12.7
159	130	♦Carron Phoenix 10p γ	146	+1	R3.5	2.7	3.3	15.2
139	102	Church (Charles) 5p β	114	+1	L2.75	3.3	3.2	12.5
390	195	Cooder Group β	358	−5	5.5	4.3	2.1	11.9
171	112	Copson (F.) 5p γ	171	+4	d1.75	1.6	1.4	63.0
336	259	Costain Group β	313	+1	9.65	2.3	4.2	12.6
317	203	Countryside Props. β	295	.....	†1.91	14.0	0.9	11.0
231	185	Crest Nichol 10p β	218xd	+5	†5.7	3.5	3.5	11.0
108	89	Do 5½pc Cv.Cm.Rd.Pf. γ	95	.....	5½%	—	7.7	—
126	73	Crosby (James) 10p γ	125xd	−1	2.0	7.1	2.1	8.8
295	229	Douglas (Robt. M) β	293xd	.....	4.25	♦	1.9	♦
42½	26	♦Dunton Group 5p γ	42½	+3	†0.5	3.7	1.6	23.0
203	120	♦EBC 50p γ	280	+2	7.0	2.5	4.7	11.3
41	23	Edmond Hldgs 10p γ	37	+½	0.8	2.7	2.9	16.9
170	138	♦Epwin Group 10p γ	160	.....	4.8	2.3	4.0	13.1
105	78	Erith γ	95	.....	3.0	2.5	4.2	12.8
180	125	♦Eve Group γ	180	+12	6.0	2.9	4.4	10.3
215	101	Fairbriar 10p γ	205	.....	b3.4	4.6	2.2	15.8
309	175	Fed. Housing 5p γ	295	.....	5.0	5.5	2.3	10.7
100	75	Finlan Group 10p β	93xd	.....	4.5	♦	6.5	♦
240	213	♦Freeman Group 10p γ	223	+2	‡6.75	2.8	4.0	11.8
74	59	Galliford 5p γ	69	.....	†b2.68	1.6	5.2	16.0
263	210	Gibbs & Dandy 10p γ	260	.....	2.6	2.9	1.3	34.0
91	68	Do. "A" 10p γ	81	.....	2.6	2.9	4.3	10.6
565	385	Gleeson (MJ) 10p γ	565	+5	†6.66	7.5	1.6	9.9
265	205	Harrison Inds 10p γ	265	.....	6.85	3.1	3.4	12.6
163	100	♦Hatfield Ests. γ	160	.....	R1.5	10.2	1.2	10.5
126	91	Hewden-Stuart 10p β	121	−1	h2.04	4.8	2.2	12.1
£400	£295	Do. 10pc '03/08 γ	£385	.....	Q10%	—	2.6	—
133	86	♦Hewetson 10p γ	128xd	.....	3.0	2.4	3.1	16.2
119	108	Do. 7pc Cm Cv Pf. γ	118	.....	7.0	—	7.9	—
165	120	♦Hey & Croft 10p γ	156	−1	L3.89	3.4	3.3	11.6
320	259	Heywood Williams β	282xd	.....	†9.5	3.2	4.5	9.4
137	113	Do. Cnv. Prf. γ	118	+3	6.75	—	7.6	—
380	291	Higgs & Hill β	370	.....	9.0	3.5	3.2	11.8

BUILDING, TIMBER, ROADS—Contd

1988 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	67	How Group 10p α	85	.....	12.2	3.5	3.5	11.2
[illegible]	52	Howard Hldgs. 10p γ	61	+1	1.3	♦	2.9	♦
[illegible]	141	Ibstock Johnsen β	168	−1	4.0	3.4	2.8	12.3
[illegible]	20	Intol Amco Con.	42½	.....	—	—	—	—
[illegible]	105	Jackson Group 10p γ	112	.....	3.0	3.3	3.6	11.2
[illegible]	86½	Jarvis (J.) 5p γ	170	.....	1.6	♦	1.3	♦
[illegible]	71	♥Jennings A$ 50	124	−2	Q20%	2.1	3.7	12.8
[illegible]	96	♦Johnst'n Pts.10p γ	186	.....	d4.765	2.3	6.1	9.3
£13[illegible]	£100	Lafarge Cop. F100	£126	.....	Q25%	3.3	1.5	9.7
[illegible]	270	Laing (John) β	385	.....	7.0	4.8	3.1	9.0
[illegible]	260	Latham (J.) £1 γ	292	.....	9.5	3.4	4.3	9.1
17[illegible]	111	Lawrence (W.) γ	167	.....	4.75	3.3	3.8	10.3
187	140	Do 8.5pc CnvRdPf £1	178	.....	8½%	—	6.4	—
58½	38½	Lilley (F J C) 12½p γ	54½	.....	—	—	—	17.4
110	95	♦Lon. & Clydeside γ	105	+2	d5.7	1.4	7.2	12.0
260	218	Lovell (Y. J.) γ	233	.....	15.0	3.7	2.8	12.6
509	397	McAlpine (Alfred) β	423	−1	†16.0	3.1	5.0	8.5
497	418	McCarthy & Stone 20p β	425	.....	†4.1	8.0	1.3	12.9
320	190	♦McLaughlin & H. γ	588	.....	8.0	2.6	3.6	14.3
262	196	Magnet α	239	+3	6.9	2.4	3.8	14.2
202	147	Manders (Hldg) β	199	.....	h5.5	2.0	3.7	17.3
173	128	Marley β	169	+9	3.0	2.5	3.4	12.1
263	236	Marshalls Halifax β	246xd	.....	7.25	2.8	3.9	11.6
133	79	Maunders (J.) 20p β	115	.....	†b1.9	4.9	2.2	12.4
429	341	Meyer Int. β	408	.....	9.5	4.6	3.1	♦ 4
228	56	Miller (Stan) 10p γ	283	.....	1.25	0.7	0.8	—
438	347	Mowlem (J.) β	372	+2	17.25	2.2	6.2	9.0
108	87	NSM 10p γ	95	.....	—	—	—	—
116½	£10⅝	Newarthill £1 γ	£26½	.....	s14.0	3.2	1.0	37.3
186	172	Newman-Tonks β	174	.....	†7.7	1.8	5.9	12.9
•184	109	Persimmon 10p β	170	.....	M3.0	5.8	2.4	11.7
128	87	Phoenix Timber β	114	.....	2.5	3.3	2.9	11.3
765	715	Pochins β	765	.....	16.0	4.9	2.8	9.7
162	135	Polypipe 10p γ	139	−1	†h1.55	3.5	1.5	25.0
193	172	Prowting 20p β	192	.....	W4.25	3.5	3.0	13.1
498	423	RMC α	476	+1	11.0	3.2	3.1	11.5
111	82	Raine Inds. 10p α	96	.....	†1.4	5.5	1.9	19.9
180	130	♦Ramus γ	140	+3	6.5	2.4	6.2	8.2
•450	387	Redland β	419xd	.....	15.85	2.4	3.0	9.7
£98¼	£89¼	Redland Cap. 7¼pc Cv '02	£90¼	.....	Q7¼%	—	8.0	—
128	111	♦Roskel 10p γ	122	.....	d2.7	3.1	3.0	12.7
205	88	Rowlinson 10p γ	170	.....	0.9	9.1	0.7	20.7
269	125	Ruberoid β	258xd	−1	♦†4.2	3.0	2.2	18.3
144	111	Rugby Group β	130	.....	†4.25	2.6	4.4	11.7
•300	180	Rush & Tompkins γ	285xd	+3	12.55	1.9	5.9	8.9
257	223	Sandell Perkins γ	247	−1	5.4	♦	2.9	♦
95	84	Sharpe & Fisher... [illegible]	93	−1	†2.75	2.3	3.9	13.2
240	173	Sharpe & Fisher γ	225	+2	4.0	5.7	2.4	19.0
161	106	♦Shoreo Grp γ	148	.....	L3.65	2.1	3.3	15.0
265	176	Sindall (Wm) 5p γ	228xr	+2	3.1	3.8	1.8	18.1
153	111	Smart (J.) 10p γ	142	.....	†d5.25	1.4	4.9	19.5
•352	278	Steetley β	340	+5	g9.25	5.0	3.6	12.0
264	212	Tarmac 50p α	236	+1	7.25	2.8	4.1	10.4
422	266	♦Tay Homes γ	416	−1	†6.2	5.0	2.0	11.4
585	351	Taylor Woodrow α	550	.....	10.5	2.7	2.5	18.0
403	233	Tilbury Group γ	385	.....	†9.2	3.3	3.2	12.5
359	309	Travis & Arnold β	359	.....	6.5	3.9	2.4	14.0
189	93	Trent Holdings 10p γ	189	.....	♦1.5	♦	1.1	♦
130	105	♦Tudor 20p γ	130	.....	5.0	2.5	5.7	10.3
340	189	Turriff Corp γ	334	.....	h8.33	3.0	3.3	11.1
73	43	Tysons (Contr.) 10p γ	60	−1	—	—	—	—
165	111	Vibroplant 5p γ	163xd	−2	2.5	5.0	2.0	12.5
185	135	Ward Group 5p γ	151	.....	4.3	2.9	3.2	14.5
181	159	Ward Hldgs 10p β	166	−9	2.4	6.6	2.0	10.0
142	113	Warringtons γ	113	−2	—	—	—	—
319	261	Watts Blake β	313	.....	6.15	3.4	2.6	14.8
•260	202	Westbury 10p β	238	.....	g5.5	4.7	3.1	9.1
281	151	Wiggins Group γ	281	.....	6.5	3.1	3.1	12.6
253	143	Wilson Bowden 10p β	245	.....	4.2	4.2	2.3	13.3
205	156	Wilson (Connolly) β	186	.....	h2.0	6.8	1.4	15.6
275	221	Wimpey (Geo) α	235	.....	6.75	3.3	3.8	9.8

CHEMICALS, PLASTICS

1988 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£40½	£25	Akzo Fl.20	[illegible]	+⅛	vQ33%	3.5	4.9	5.8
375	288	Allied Holdings	[illegible]	.....	9.25	2.8	3.3	14.6
144	106	Allied Colloids 10p β	[illegible]	.....	2.3	3.8	2.4	14.4
65	51	♦Amer Plastic Tech 1c γ	[illegible]	.....	L02.5c	♦	2.5	♦
679	441	Amersham Intl.	[illegible]	+3	10.0	2.9	2.2	19.7
£42	27	Astra Holdings 5p β	32½	.....	0.87	♦	3.6	♦
£85¼	£73¼	BASF AG DM50	£80	+⅛	vQ20%	1.7	3.9	14.6
159	130	BTP 10p	15[illegible]	.....	6.2	1.7	3.4	14.2
£95⅛	£79¾	Bayer AG DM 50	£8[illegible]	+⅛	vQ20%	2.3	3.5	12.3
193	148	Blagden Inds.	[illegible]	−2	F8.2	1.6	6.3	(12.0)
165	118	Brent Chems 10p β	[illegible]	.....	5.2	1.9	4.6	15.6
70	51	♦Cambridge Isotope 1c γ	[illegible]	.....	LQ0.9c	6.2	1.0	16.2
243	169	Canning (W.)	22[illegible]	.....	5.3	3.5	3.2	10.9
208	165	Chemoxy Intl. 10p γ	207	.....	5.75	2.6	3.7	11.8
347	285	Coalite Group β	[illegible]	+3	9.8	2.9	3.9	11.7
358	296	Coates Bros.	[illegible]	−1	7.7	3.7	3.1	10.2
		For Cory (Horace) see European Colour						
211	173	Croda Int. 10p β	204	+1	9.0	1.8	5.9	12.3
57	50	♦Delmar Group γ	57	.....	2.34	2.0	5.5	12.2
118	82	Doefler 10p γ	89	.....	3.45	2.6	5.5	9.4
195	147	Ellis & Everard γ	190xd	.....	3.6	♦	3.9	♦
£12⅞	975	Engelhard U.S.$1.00	£18⅛	+⅛	Q52c	—	2.9	—
34	21	European Colour 5p γ	29	.....	0.75	1.2	3.4	31.2
192	150	Evode Group	178	.....	†4.44	2.8	3.3	14.4
275	206	Foseco	265	.....	10.6	1.7	3.3	(12.8)
157	70	♦Gaynor Group 10p α	154	+1	♦†2.67	2.7	2.3	20.6
85	68	♦Granyte S'face 10p γ	80	−1	3.0	2.4	3.0	11.2
130	102½	♦HPC Grp 12½p γ	128	.....	W3.3	2.7	3.4	14.4
255	226	Halstead (J.) 10p γ	241	+1	16.5	3.4	5.6	10.8
£28⅞	£24⅛	Hercules Inc‖	£26⅛	+⅛	Q$1.60	—	3.5	—
251	136	Hickson Intl.	225xd	−2	†5.63	3.2	3.3	12.3
£89½	£78⅝	Hoechst AG DM50	£86⅛	+⅛	Q20%	1.9	3.6	—
£368	£280	Do.Fin.10pcUn.Ln	£368	.....	Q10%	—	2.7	—
£11⅛	947	Imp. Chem. £1 α	£10⅛xd	+⅛	†41.0	2.7	5.4	8.3
439	350	Laporte Inds. 50p α	414	.....	12.0	2.3	3.9	12.6
•257	157	Leigh Interests 5p β	233xd	.....	3.65	1.7	3.2	18.3
•197	137	Do. 6pc Cv. Red. Prf.	182½xr	.....	6%	—	4.4	—
157	118	MTM 5p	144	.....	3.0	3.2	2.8	14.0
697	612	Montedison ADR L1000	612	.....	4%	♦	0.3	♦
£21¼	£11¼	Novo Inds. 'B' Kr. 20	£21⅛	+⅛	vQ20%	4.7	1.5	14.0
£22¼	£14⅛	Perstorp AB 'B' Sk10	£22¼	+⅛	Q24%	4.9	1.0	20.7
183	130	Plysu	177	.....	2.3	4.3	1.7	17.9
130	86	♦Porvair 2p	128	−1	L2.34	3.8	2.6	(9.8)
74	43	Ransom (Wm.) 10p γ	55	+1	1.34	♦	3.2	♦
261	198	Rechem Env Servs 2p β	259	+1	♦4.5	2.5	2.3	23.0
209	173	Rentokil 10p	206	+2	3.28	3.4	2.1	17.3
£171	£111	Schering AG DM50	£157	+1	Q24%	2.7	2.4	15.3
172	119	Sutcliffe Speakman	125	.....	2.0	3.5	2.2	14.5
75	58	Thurgar Bardex 10p γ	63	−1	2.25	2.4	4.8	11.5
78	58	♦Transrap 10p	75	.....	b2.0	2.0	3.6	19.2
123	110	Viking Pack. 10p γ	116	.....	†3.5	2.0	4.0	16.3
653	500	Wardle Storeys 10p β	645	.....	†9.0	3.6	1.9	20.0
56	36	♦Wentworth 10p γ	45xd	.....	1.75	♦	5.2	♦
500	270	Wolstenholme Rink α	485	.....	♦10.25	3.1	2.8	15.5
275	213	Yorkshire Chems. β	239xd	−3	17.0	3.7	3.9	8.4
143	106	Yule Catto 10p	133	.....	3.0	2.7	5.0	15.3

DRAPERY AND STORES

1988 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	337	Alexon 10p α	378	.....	8.0	3.8	2.8	12.3
[illegible]	31	Amber Day 2½p γ	76	+1	—	—	—	43.1
27[illegible]	240	Aquascutum 5p γ	260	−5	3.0	1.8	1.5	48.3
[illegible]	67	Do. 'A' 5p γ	88	.....	3.0	1.8	5.0	14.9
[illegible]	111	Ashley (Laura) 5p β	138	−1	2.35	2.5	2.7	16.6
[illegible]	253	♦Asprey γ	318	.....	4.75	4.3	2.0	15.0
[illegible]	330	Austin Reed γ	378	.....	8.5	2.1	3.0	20.2
[illegible]	195	Do. A N/V	283	.....	8.5	♦	4.0	♦
[illegible]	116	♦Automagic 10p γ	138	.....	6.5	1.1	7.3	16.9
[illegible]	38	Babygro Hldgs 10p α	42	+1	♦L2.4	1.2	7.6	(10.5)
[illegible]	118	Beattie (J) 'A' γ	135	+2	4.0	2.6	4.0	13.2
[illegible]	73	♦Bedford (Wm) 5p γ	83	.....	4.65	2.3	7.5	7.6
[illegible]	149	Bentalls 10p β	298	.....	3.15	2.3	2.2	26.7
180	73	♥Bik Bok Gruppen AS	93	.....	—	—	—	—
24½	14½	Blacks Leisure Gp 2½p	24½	.....	♦0.1	7.5	0.9	18.8
106	38	♦Blanchards 10p γ	78	.....	‡4.5	1.4	8.3	—
643	230	Body Shop Int 5p	620	.....	†h1.5	6.2	0.3	66.4
63	34	Bolton Text. 5p γ	46	−1	—	—	—	31.2
54	33	Brown & Jackson γ	49½xd	.....	0.1	11.6	0.3	37.4
350	250	Brown (N) 10p γ	255	.....	5.0	5.1	2.6	16.1
264	219	Burton Group 50p α	225	.....	†7.2	2.8	4.3	11.0
475	215	Cantors 20p γ	475	+10	†h1.5	6.5	0.4	49.0
148	83	Do. 'A' 20p γ	145	.....	†h1.5	6.5	1.4	15.0
93	66	Casket 10p γ	71	+1	†2.6	2.9	4.9	8.4
170	120	♦Chelsea Man 5p γ	155	−2	2.9	♦	2.9	♦
455	415	Church γ	440	.....	13.5	2.6	3.5	13.9
176	150	♦Clinton Cards 10p γ	170	.....	‡2.6	2.1	2.0	21.7
287	221	Coats Viyella 20p α	224	−4	8.7	2.4	5.2	9.1
509	227	Coles Myer A$0.50	497	+7	Q21c	1.9	3.0	17.2
400	145	♦Colorvision 5p γ	360	−7	‡2.6	4.8	1.0	33.8
300	158	Courts 'A' γ	286	−1	5.15	4.1	2.4	12.2
400	290	♦Cramphorn 50p γ	385	−5	†h3.5	4.3	1.2	25.4
565	400	DAKS Simpson 'A' γ	565	+5	†8.6	6.1	2.0	10.7
38	33	♦De Brett (A.) 10p γ	35	.....	—	—	—	40.0
54	41	Dewhirst (I.J.) 10p γ	48	−1	0.93	4.7	2.6	10.6
217	165	Dixons Group 10p α	179xd	+2	4.3	a3.8	3.2	10.9
86	69½	Do. (Nat)Div.Cnv.Cm.Red.	71	.....	3.0	—	9.4	—
214	154	Dunhill Hldgs. 10p β	212	+1	2.7	4.4	1.7	15.8
97	38	ERA Group 5p γ	98	.....	2.7	♦	3.7	♦
146½	55	Ellis & Gold 15p γ	145	.....	†2.6	2.1	2.4	26.7
262	204	Empire Stores β	258	.....	5.225	1.7	2.7	29.3
296	241	Etam 10p β	250	.....	6.0	2.8	3.2	13.2
331	228	Euro Home Prods 5p β	293	.....	3.0	3.1	2.1	17.0
155	100	Executex 20p γ	140	.....	b2.5	3.9	2.4	14.3
138	51	♦Fields (Mrs) $0.05 γ	52	.....	Q7c	1.7	7.9	7.4
257	208	Fine Art Devs. 5p β	254	.....	6.8	2.5	3.6	15.1
345	270	Forminster 10p γ	325xd	.....	8.1	♦	3.3	♦
170	110	♦French Connection 5p γ	135	+5	d5.25	3.0	5.2	8.1
149	118	♦Gabicci 5p γ	123	.....	†3.3	2.9	3.1	14.9
125	80	♦Gee (Cecil) 10p γ	123	.....	†1.25	2.6	1.4	31.6
76	53	Gent (S.R.) 10p γ	67	.....	†1.0	2.7	2.0	(21.1)
178	95	Glamar Group 10p γ	99	−1	6.7	2.0	9.0	7.4
231	168	Goldberg (A.) γ	227	−1	5.5	2.1	3.2	19.3
•37	23	Goodman Group 5p γ	23xr	.....	ga0.33	1.9	1.9	(43.1)
£17¼	£15¼	Great Universal	£16⅞	.....	28.5	a3.5	2.3	16.4
£11⅛	998	GUS A	£10⅞	+⅛	28.5	a3.5	3.6	10.5
98	73	♦Hampden Homecare 10p γ	90	.....	1.8	4.5	2.7	11.1
194	123	Harris Q'way 20p β	190	+1	♦5.75	0.7	4.0	46.0
46	33	Helene 10p γ	36½	.....	1.63	1.6	6.0	11.4
272	173	Hogg Robinson 10p γ	181	+2	4.5	2.3	3.3	15.3
69	57	Hoflas Group 5p γ	65	−1	2.9	1.9	6.0	11.8
166	115	♦Honeysuckle Grp 2p γ	165	−1	L4.1	2.6	3.4	15.7
212	175	House of Lerose γ	195	.....	9.7	1.1	6.8	18.9
111	62	In Shops 5p γ	105	+1	L1.3	♦	1.7	♦
389	312	♦Jacques Vert 10p γ	380	.....	8.5	3.3	3.0	13.4
141	53	♦Knobs & Knock 10p γ	131	+2	2.0	3.8	2.0	16.9
76	43	Lanca 2½p γ	60	+1	1.1	4.9	2.4	11.9
67	50	Leslie Wise 20p γ	57xd	−1	†2.0	2.7	4.7	10.5
£11⅛	£10¼	Liberty γ	£11⅞	−⅛	10.6	4.5	1.2	23.4
648	588	Do. Non Vtg γ	598	−10	10.6	4.5	2.4	12.4
£15	929	Limited Inc $0.50	£12	.....	Q24c	—	—	—
150	112	Lloyds Chemists 5p γ	132	.....	L1.28	3.0	1.3	20.6
163	143	Mallett 5p γ	143	−2	4.0	2.9	3.7	12.5
190	165	Marks & Spencer α	167	.....	3.1	2.4	4.1	13.7
118	96	Martin (A.) 20p γ	112	+2	4.2	2.4	5.0	9.3
388	332	Menzies (J.) γ	344	.....	5.8	3.0	2.2	11.7
510	325	♦Miller & Santhse 5p γ	500	.....	†g2.35	2.6	0.6	59.0
281	206	Moss Bros 5p γ	220	−15	2.5	3.5	1.5	24.9
298	228	Next 10p β	234	+2	7.2	3.1	4.1	12.4
565	340	Oliver (G.) "A" γ	525	.....	12.5	4.2	3.3	8.3
850	490	Owen & Robinson 5p γ	510	−40	†g0.75	7.4	0.2	—
74	41	♦PML 5p γ	46	−1	1.25	2.6	3.9	12.2
135	109	Pentos 10p γ	119	−1	1.3	6.1	1.5	13.5
345	258	♦Pepe Group 10p γ	340xd	+3	4.5	5.0	1.8	15.2
46	34	Ramar Texts. 5p γ	39	.....	1.79	—	6.0	—
274	219	Ratners 10p γ	231	−3	5.0	3.8	2.9	9.7
171	103	Do. Cnv Cum Pf £1 γ	141	−2	5.85%	—	5.5	—
96	65	S&U Stores 12½p γ	88	.....	4.0	2.9	6.1	7.5
50	41	Do. 31½pcPf. 12½p γ	50	.....	3.94	—	11.3	—
143	114	Sears α	141	+1	4.6	2.1	4.3	14.9
95	81	♦Shani Group 10p γ	83	.....	R3.4	2.7	3.5	8.6
445	328	♦Sherwood Grp 10p γ	425	.....	4.5	♦	1.4	♦
352	240	♦Smallbone 10p γ	328	.....	5.19	4.4	2.1	14.3
123	101	Do. 7.25p Cnv Prf γ	126	.....	7.25	—	8.1	—
337	268	Smith (W. H.) A 50p α	271	+1	9.0	q2.7	4.4	11.0
325	200	♦Sock Shop Intl. 5p γ	322	.....	L1.35	6.0	0.6	39.6
320	166	Stanley (A. G.) 5p γ	315	.....	♦15.63	2.4	2.1	32.6
150	92	Stead. & Sim 'A' γ	114	+1	F5.6	1.6	6.3	16.3
76	55	Stirling Group 20p γ	68	+1	1.35	♦	2.7	♦
290	216	Storehouse 10p β	233	−5	8.8	2.1	5.0	12.7
81	71	Summer Intl. 20p γ	74	.....	—	—	—	—
182	130	T & S Stores 5p γ	175	−2	2.1	4.4	1.6	18.5
280	200	Tibbett & Britten 5p γ	280	.....	4.5	2.6	2.1	23.9
151	94	Tie Rack 5p β	109	.....	1.21	4.5	1.5	20.0
245	153	Time Prods. 10p β	220	−2	4.6	3.3	2.8	13.0
95	69	Top Value Inds 10p γ	75	.....	3.0	3.3	3.3	7.2
148	103	Underwoods 10p γ	116	.....	d2.5	0.6	2.9	80.1
105	58	Upton (E.) γ	105	+2	—	—	—	20.3
160	117	♦Usher (Frank) 5p γ	125	.....	a6.0	♦	6.6	♦
181	113	Vinat Hldgs γ	113	−3	2.7	2.1	3.2	(17.4)
314	282	Ward White γ	291	+1	8.75	3.3	4.0	9.6
129	102	Do Cnv Red Prf 10p γ	106	+1	6.0	—	7.5	—
125	100	Wassall (J. W.) γ	125xd	.....	1.0	19.1	1.1	—
•285	229	Wickes α	229xd	.....	tpa1.5	7.0	0.9	18.0
233	160	Wilding Off. 10p γ	239	.....	†3.28	3.5	1.9	20.2
140	80	Windsmoor 5p γ	158	.....	†3.25	♦	3.1	♦
170	98	♦Woolfons B'ware 10p γ	153	.....	d4.4	1.4	3.8	25.6
30[illegible]	249	Woolworth Hldgs α	281	+1	9.0	2.7	4.3	10.6
[illegible]	£121	Do. 8½pc Ln 2000 γ	£131	−1	8½%	—	6.5	—
[illegible]	90	♦World of Leather 10p γ	128	.....	3.2	2.1	3.6	16.7

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

LEISURE—Contd

1988 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
32	13	Classic Tl'vest $0.20	29	.....	–	–	–	–
		For Edenberry see European Leisure						
[illegible]	14	[illegible] Prod 5p	32	.....	–	–	–	–
[illegible]	[illegible]	[illegible] Leisure	78½	–½	Q24.6%	0.9	[illegible]	21.9
[illegible]	[illegible]	[illegible] Leis. 20p	14	.....	–	–	–	–
[illegible]	[illegible]	[illegible] Boats 10p	410	.....	19.0	4.7	2.[illegible]	9.7
[illegible]	12[illegible]	[illegible] Leisure	135	–2	†2.3[illegible]	3.6	[illegible]	15.9
[illegible]	[illegible]	GWR Group 20p	405	.....	–	–	–	19.1
[illegible]	[illegible]	[illegible] TVA 10p	45	.....	2.5	2.6	7.[illegible]	6.9
[illegible]	[illegible]	[illegible] Comm	41	+1	–	–	–	–
[illegible]	21	[illegible] TV Ord	225	.....	19.5	3.0	[illegible]	6.1
[illegible]	[illegible]	[illegible] Inter A$0.25	128	–3	Q15c	♦	[illegible]	♦
[illegible]	13[illegible]	[illegible] Tec Sports	155	.....	L3.6	3.1	[illegible]	13.9
[illegible]	[illegible]	[illegible] Hldgs 2p	78	.....	2.05	1.4	[illegible]	15.3
46½	[illegible]	[illegible] 10p	44½xr	–½	†1.0	2.4	[illegible]	17.7
177	[illegible]	[illegible] 5p	160	–1	5.7	2.9	4.7	9.7
448	[illegible]	[illegible] Leisure 10p	392	+1	8.0	4.6	2.7	10.4
*118	[illegible]	[illegible] 10p	103xr	+1	gt1.45	2.2	1.9	34.8
115	[illegible]	[illegible] Int 10p	85	–3	–	–	–	–
417	[illegible]	[illegible] Dev. 50p	400	+3	1.0	♦	0.3	♦
218	[illegible]	[illegible] Leisure 10p	201	.....	†p3.65	2.3	2.4	20.0
115	[illegible]	[illegible] 10p	105	.....	†p2.57	2.5	3.3	16.1
432	315	[illegible] Leis.	429	+1	¶4.0	3.1	1.2	28.7
318	[illegible]	Miss World 10p	310	.....	8.0	2.6	3.4	15.1
62	[illegible]	[illegible] Vision 50p	46	.....	–	–	–	♦
23	17	[illegible]	20	+1	Q2c	6.0	3.5	4.7
169	[illegible]	[illegible] $0.125	132	+8	–	–	–	–
*81	[illegible]	[illegible] Abroad 3p	72	+3	g2.1	1.9	3.9	21.6
358	24[illegible]	[illegible] Leisure 10p	310	–8	–	–	–	–
125	[illegible]	[illegible] Radio NV 5p	121	–2	†2.25	2.0	2.5	26.6
264	[illegible]	[illegible]	240	.....	2.6	2.9	1.4	32.4
*262	[illegible]	[illegible] 5p	247	–6	¶6.0	2.5	3.2	15.5
*239	[illegible]	Do. 7pcCnvCmRedPf	225	–1	7%	–	4.2	–
150	[illegible]	[illegible]	129	.....	12.0	8.7	1.1	14.1
142	[illegible]	[illegible] Leisure 10p	136	.....	4.4	♦	4.4	♦

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

1988 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
60	33	Propeller 1p	51	–2	–	–	–	24.6
31	13	Publishing Hldgs. 5p	22	–1	–	–	–	13.2
237	150	Royal Sovereign 10p	235	.....	4.6	1.9	2.6	22.0
26	22½	Scott Pickford 10p	25	.....	3.1	0.7	16.5	13.0
116	68	Seacon Hldgs.	111	–2	–	–	–	–
15½	13	Sonic Tape 2½p	14½	+½	n–	–	–	19.0
27	18	Stats Hldgs. 5p	23	.....	–	–	–	♦
4½	3	Swanyard Studios 1p	3	–¼	–	–	–	♦
[illegible]	200	Takare	283	.....	b1.0	8.1	0.5	29.1
[illegible]	41	Theme Holdings	67	.....	♦1.1	♦	2.2	♦
[illegible]	26	Tomorrows Leisure 20p	30	.....	–	–	–	♦
[illegible]	13½	Tullon Oil 10p	21	–1	–	–	–	–
[illegible]	115	UPL Group 10p	120	.....	L2.41	4.3	2.7	16.3
[illegible]	120	Unit Group	180	+3	3.0	♦	3.7	♦
[illegible]	85	Video Tape Rec. 5p	120	.....	L2.3	2.3	2.6	17.3

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ●● Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p γ	71	.....
Craig & Rose £1 γ	700	.....
Finlay Pkg. 5p γ	89	.....
Holt (Jos) 25p γ	£11¼	–¼

IRISH

Stock	Price	+ or –
Nat. 9¾% 84/89	£100¼	.....
9pc Cap Ln. 1996	£99¼	.....
Fin. 13% 97/02	£119	.....
Arnotts γ	365	.....
CPI Hldgs. γ	128	.....
Carrol Inds. γ	154	+1
Hall (R. & H.)	164	+1
Helton Hldgs. γ	53	.....
Irish Ropes γ	165xd	+2
Unidare γ	400	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp.	36
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	38
Boots	19
Bowaters	35
Brit. Aerospace	35
Brit. Telecom	22
Burton Ord.	21
Cadburys	32
Charter Cons.	30
Comm. Union	34
Courtaulds	34
FKI Babcock	12
FNFC	23
Gen Accident	85
GEC	13
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	28
Hanson	12
Hawker Sidd.	48
ICI	72
Jaguar	26
Ladbroke	38
Legal & Gen.	25
Lex Service	33
Lloyds Bank	26
Lucas Inds.	50
Marks & Spencer	17
Midland Bk.	37
Morgan Grenfell	30
REI	10
Nat West Bk.	52
P & O Dfd.	52
Plessey	16
Polly Peck	30
Racal Elect.	32
RHM	30
Rank Org Ord.	64
Reed Intnl.	36
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45

Property

Stock	p
Brit Land	30
Land Securities	52
MEPC	52
Peachey	50

Oils

Stock	p
Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	40
Premier	7½
Shell	95
Ultramar	26

Mines

Stock	p
Cons Gold	95
Lonrho	28
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Wednesday August 17 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Tue Aug 16 Index No.	Mon Aug 15 Index No.	Fri Aug 12 Index No	Year ago (approx) Index No.
1	CAPITAL GOODS (209)	804.85	——	10.80	5.96	12.30	17.16	804.46	800.72	011.69	918.43
2	Building Materials (29)	1025.71	+0.4	11.10	4.14	11.06	21.41	1021.33	1013.70	1030.98	1147.47
3	Contracting, Construction (37)	1599.14	——	10.38	3.35	12.58	27.59	1599.22	1604.46	1613.20	1664.65
4	Electricals (12)	2164.31	-0.5	0.59	4.62	14.42	49.65	2174.88	2152.92	2171.94	2380.53
5	Electronics (31)	1749.09	-0.1	9.89	3.45	12.99	40.30	1750.83	1741.86	1767.51	1962.28
6	Mechanical Engineering (56)	425.10	-0.1	9.73	4.13	12.75	9.23	425.52	422.15	427.60	498.27
8	Metals and Metal Forming (7)	485.39	-0.4	9.87	3.93	12.52	7.95	487.55	401.60	492.69	535.14
9	Motors (14)	201.36	+0.1	11.99	4.68	9.62	6.62	280.99	279.50	284.66	570.42
10	Other Industrial Materials (23)	1317.06	+0.2	8.96	4.24	13.34	28.49	1314.25	1315.55	1331.52	1546.57
21	CONSUMER GROUP (186)	1095.94	+0.2	8.95	3.62	14.11	19.26	1093.45	1089.98	1098.99	1272.71
22	Brewers and Distillers (21)	1132.62	——	10.31	3.60	12.22	20.84	1132.22	1125.01	1129.79	1138.06
25	Food Manufacturing (21)	988.17	+0.4	8.77	5.75	14.59	17.95	984.54	987.61	994.41	995.409
26	Food Retailing (16)	1968.91	+0.4	8.79	5.39	15.01	58.49	1960.16	1949.36	1970.55	2333.61
27	Health and Household (12)	1829.70	+0.4	6.80	2.68	17.07	18.01	1822.99	1014.43	1831.41	2477.66
29	Leisure (30)	1374.63	+0.2	8.30	3.66	15.42	28.32	1372.29	1369.69	1384.10	1324.16
31	Packaging & Paper (17)	527.15	+0.1	9.33	5.87	13.74	9.98	526.68	525.83	530.22	665.52
32	Publishing & Printing (18)	3556.05	+0.1	0.00	4.32	15.54	73.53	3530.97	5508.29	3549.89	4300.47
34	Stores (34)	816.40	+0.2	10.17	4.06	12.93	15.08	814.41	813.76	819.26	1037.43
35	Textiles (17)	592.26	-0.5	11.67	4.60	10.06	12.65	595.35	588.75	596.36	801.44
40	OTHER GROUPS (93)	090.55	+0.6	11.10	4.42	10.93	19.92	885.57	883.33	894.89	1108.56
41	Agencies (19)	1082.83	+1.0	8.30	2.52	15.09	10.11	1071.79	1069.19	1074.14	1664.05
42	Chemicals (21)	1050.72	+0.4	12.15	4.83	9.88	35.79	1046.33	1041.39	1062.96	1391.53
43	Conglomerates (13)	1207.35	+0.5	10.57	4.47	10.92	22.91	1201.22	1198.34	1208.21	1411.42
45	Shipping and Transport (12)	1940.46	+0.4	11.08	4.63	11.95	34.38	1933.05	1932.03	1950.84	2203.07
47	Telephone Networks (2)	950.17	+0.3	11.69	4.69	11.10	20.38	947.51	943.31	960.10	1068.43
48	Miscellaneous (26)	1205.53	+1.1	11.34	4.29	10.00	24.64	1198.35	1192.16	1202.17	1594.81
49	INDUSTRIAL GROUP (488)	976.36	+0.3	9.86	3.95	12.62	19.41	973.74	970.43	981.13	1147.66
51	Oil & Gas (12)	1789.11	+0.1	10.61	6.06	12.10	64.62	1786.69	1775.99	1825.45	2168.00
59	500 SHARE INDEX (500)	1845.42	+0.3	9.96	4.22	12.55	23.20	1042.80	1030.88	1052.75	1234.47
61	FINANCIAL GROUP (122)	699.32	+0.3	-	4.90	-	18.46	697.24	695.13	703.36	706.86
62	Banks (8)	663.64	+0.5	21.57	6.58	6.22	25.83	660.65	656.32	666.21	786.74
65	Insurance (Life) (8)	1047.94	+0.6	-	4.79	-	24.97	1042.17	1036.29	1046.87	1066.85
66	Insurance (Composite) (7)	541.69	-0.4	-	5.62	-	15.67	543.94	540.24	546.55	579.88
67	Insurance (Brokers) (7)	963.29	+0.7	10.00	6.61	12.92	51.74	956.74	947.68	956.60	1248.62
68	Merchant Banks (11)	358.86	+1.0	-	3.99	-	7.88	355.29	559.32	362.67	493.88
69	Property (51)	1222.23	+0.3	5.19	2.65	24.69	15.18	1218.75	1221.52	1236.06	1188.91
70	Other Financial (30)	580.07	+0.1	10.55	5.12	11.88	9.54	379.51	579.34	381.33	547.73
71	Investment Trusts (78)	909.33	+0.2	-	3.08	-	13.49	907.50	908.53	917.22	1123.50
81	Mining Finance (2)	512.38	——	9.35	5.67	12.10	8.12	512.38	508.98	514.20	642.56
91	Overseas Traders (8)	1165.32	+0.7	9.88	4.79	11.90	35.31	1156.84	1153.46	1162.69	1155.15
99	ALL-SHARE INDEX (710)	955.26	+0.3	-	4.30	-	21.56	952.81	949.46	961.69	1120.81

	Index No.	Day's Change	Day's High	Day's Low	Aug 16	Aug 15	Aug 12	Aug 11	Aug 10	Year ago
FT-SE 100 SHARE INDEX ‡	1830.9	+5.6	1832.5	1821.8	1825.3	1816.8	1843.4	1835.2	1839.9	2197.6

FIXED INTEREST

	PRICE INDICES	Wed Aug 17	Day's change %	Tue Aug 16	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	119.53	———	119.52	-	7.57
2	5-15 years	135.61	+0.03	135.58	-	8.81
3	Over 15 years	147.77	———	147.77	-	7.86
4	Irredeemables	166.59	+0.02	166.55	-	7.30
5	All stocks	135.25	+0.02	133.23	-	8.30
	Index-Linked					
6	5 years	127.11	+0.06	127.72	0.69	1.81
7	Over 5 years	120.69	+0.10	120.58	-	2.28
8	All stocks	125.05	+0.09	121.00	0.06	2.24
9	Debentures & Loans	118.00	———	118.00	-	7.11
10	Preference	92.16	-0.04	92.20	-	3.61

	AVERAGE GROSS REDEMPTION YIELDS		Wed Aug 17	Tue Aug 16	Year ago (approx.)
	British Government				
1	Low	5 years	9.80	9.80	9.13
2	Coupons	15 years	9.46	9.46	9.70
3		25 years	9.14	9.14	9.70
4	Medium	5 years	10.24	10.24	10.22
5	Coupons	15 years	9.68	9.68	9.96
6		25 years	9.38	9.38	9.78
7	High	5 years	10.35	10.35	10.31
8	Coupons	15 years	9.84	9.83	10.14
9		25 years	9.40	9.40	9.80
10	Irredeemables†		9.73	9.74	9.72
	Index-Linked				
11	Inflation rate 5%	5yrs.	5.05	3.06	2.94
12	Inflation rate 5%	Over 5 yrs.	3.87	3.88	4.02
13	Inflation rate 10%	5yrs.	2.08	2.09	2.80
14	Inflation rate 10%	Over 5 yrs.	3.72	5.72	5.99
15	Debs &	5 years	10.85	10.85	10.80
16	Loans	15 years	10.83	10.83	10.80
17		25 years	10.83	10.83	10.80
18	Preference†		9.80	9.79	10.69

‡Opening Index 1827.1; 10 am 1822.9; 11 am 1823.8; Noon 1828.2; 1 pm 1828.0; 2 pm 1827.5; 3 pm 1827.7; 3.30 pm 1828.2; 4 pm 1831.9

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	45	29	39
Corporations, Dominion and Foreign Bonds	23	3	26
Industrials	417	263	916
Financial and Properties	166	101	389
Oils	35	21	52
Plantations	1	0	12
Mines	39	43	111
Others	125	21	119
Totals	851	481	1,664

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§125	F.P.	-	171	125	Builder Group 10p	170	+5	12.22	4.3	1.7	14.5
§145	F.P.	-	173	145	Christie Group 2p	173		13.5	3.1	2.7	15.9
§300	F.P.	12/8	313	306	‡City Gate Ests. £1	308		L8.25	2.9	3.6	10.5
§75	F.P.	16/9	83	79	Oakeslester 10p	80		bL1.13	2.0	1.9	35.0
-	F.P.	22/7	163	136	English & Overseas Props 10p	136		R2.6	4.9	2.5	8.4
§165	F.P.	22/8	170	168	Ersam Group	168		b5.5	3.3	4.4	8.0
§95	F.P.	-	108	88	Eurocopy 5p	94		R2.19	2.5	3.1	16.2
-	F.P.	-	53	48½	Glasgow Inc. Tst. Wrnts	52½			-		-
§95	F.P.	-	186	100	‡Heritage 10p	183		12.75	2.4	2.0	22.8
§115	F.P.	22/8	165	128	‡Lucas Group 10p	158		3.7	2.5	3.1	14.7
†	F.P.	-	104	101	Lowndes Ventures 5p	102		5.75	0.7	7.9	24.7
120	F.P.	-	151	123	National Telecom 5p	141	-2	12.0	4.1	1.9	13.8
§100	F.P.	28/7	106	91	Needler Group	96	+1	♦Q9.8	2.1	4.5	10.5
60	F.P.	26/8	74	58	‡Optum Group 10p	60		-	-	-	20.9
-	F.P.	-	250	240	Palmerston Hldgs.	240		g7.5	1.3	4.2	18.3
♦	F.P.	-	88	78	RIT Capital Partners £1	79		-	-	-	-
§140	F.P.	27/7	161	145	‡Reject Shop 5p	145	-1	L3.15	2.2	2.9	18.8
140	F.P.	5/8	141	120	Rockfort Group 20p	128		R3.9	3.3	4.1	8.3
§125	F.P.	19/8	133	125	Savills 5p	128		L3.0	2.5	3.1	14.1
♦	F.P.	-	143	115	Seafield	126		-	-	-	-
-	F.P.	-	21	14	Waverley Mining Warrants	21		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	104p	102p	Accounts (Fin) 8½pc Cnv Rd Cr Pf 5p	103p	+1
101.09	F.P.	-	102p	101½p	Brent Chemicals Int. 9pc Cm Rd Pf	101½p	
-	F.P.	12/8	313p	306p	‡City Gate Ests 3¼pc Cm Cv Prf £1	308p	
100p	F.P.	-	106p	100p	Dares Estates 7.75pc Cnv Cm Rd Prf	100p	-1
♦	Nil	16/9	8ppm	6ppm	Harrisons Inds 6.5pc Cv Cm Rd Pf	7ppm	
65	F.P.	12/8	65¼	65	Housing Fin 7pc Deb 2009	65¼	+¼
100p	Nil	20/9	5ppm	¼ppm	MMC Group (Net) Cv Cm Rd Pf 10p	¾ppm	
-	F.P.	-	100	99½	N'wide Ang. 10½pc 17.7.89	99[illegible]	-⅛
-	F.P.	-	100	99½	Do. 11½pc 7.8.89	99¾	
100p	Nil	-	20p	15p	Pleasurama 7.75pc Cv Cm Rd Pf	16	-1
§100p	F.P.	-	115p	110p	Prestwick Hldgs 7¼pc Cv Rd Pf £2	110p	
♦	F.P.	-	86½	79½	RIT Capital Ptnrs 2½pc Cv Uns Ln 2000	82½	+2
100p	F.P.	-	108p	98p	Sommer Int'l. 7½pc Cv Rd Prf	98p	
100p	Nil	2/9	5ppm	½ppm	Tomkins 6.25pc (net) Cm Cv Rd Pf 20p	¾ppm	
100p	Nil	-	107ppm	103ppm	TVS Enter. 7.4p Cv Cm Rd Prf 2008	104ppm	-1
♦	F.P.	-	108p	103p	Wagon Ind'l. Hldgs. 7¼pc Cv Prg Pf	108p	
♦	Nil	21/9	2ppm	¼ppm	Waterglade Intl. 7.75% Cv Cm Rd Pf	¼ppm	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
190	Nil	28/9	13pm	5pm	Brunning Group 25p	5pm	-1
50	Nil	23/9	14½pm	8½pm	Durham (D.G.) 10p	12pm	-½
18	Nil	21/9	3pm	2pm	Energy Capital 1p	2½pm	
20	Nil	19/8	7pm	3pm	Goodman Group 5p	3pm	
230	Nil	-	25pm	9pm	‡Highland Participants 25p	10pm	+1
45	Nil	14/9	31pm	22pm	Owners Abroad Group 3p	27pm	+3
2	Nil	4/10	4pm	1¼pm	*Pennine Res A 1p	2¼pm	
175	Nil	-	83pm	74pm	Pleasurama 5p	74pm	
30	Nil	-	21pm	16pm	‡Union Square	16pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. h Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♥ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

- First Dealings — Aug 8
- Last Dealings — Aug 19
- Last Declarations — Nov 10
- For settlement — Nov 21

For rate indications see end of London Share Service

Money was given for the call of *Blacks Leisure, C. Baynes, Porter* Chadburn, ASDA, Owners Abroad, Raglan Property, Amstrad, Scottish and Newcastle, British Petroleum, Bass, ICI, Norfolk Capital, Barratt Developments, Blue Arrow and Sears. No put or double options were reported.

LONDON TRADED OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied Lyons (*425)	390	45	55	62	4½	10	12
	420	23	34	44	13	22	25
	460	8	16	24	40	43	48
Brit. Airways (*159)	140	23	26	29	2	4½	7
	160	8½	14	18	8	14	18
	180	1½	4½	-	23	27	-
Brit. & Comm. (*239)	220	26	30	37	5	8	10
	240	14	18	25	13	17	20
	260	5	11	15	27	30	32
B.P. (*247)	240	16	24	28	4	6½	12
	260	5½	12½	15½	14½	17	25
	280	1½	6	8½	33	33	39
Bass (*774)	750	47	60	70	13	27	35
	800	20	32	45	37	55	60
	850	6	15	-	80	95	-
Cable & Wire (*381)	330	60	68	77	2	7	11
	360	35	45	53	7	14	20
	390	17	28	35	20	26	30
Cons. Gold (*988)	950	77	110	145	38	52	62
	1000	50	83	120	72	85	95
	1100	21	53	70	150	160	170
Courtaulds (*343)	330	27	36	45	9	15	19
	360	10	21	28	24	32	34
	390	4	10	-	50	53	-
Com. Union (*360)	330	40	50	-	5	10	-
	360	19	32	38	17	23	38
	390	7	20	24	37	38	48
G.E.C. (*160)	140	24	29	33	1½	3	5
	160	7½	12	17	6	8	11
	180	2	5½	8	21	22	24
G.K.N. (*325)	300	33	40	46	4	8	13
	330	11	20	26	13	18	24
	360	2½	9	13	37	41	46
Grand Met. (*509)	460	60	75	80	4	9	14
	500	28	46	53	14	21	28
	550	8	21	28	47	50	56
I.C.I. (*1016)	950	89	116	-	10	20	-
	1000	52	83	92	24	36	53
	1100	12	36	46	90	93	110
Jaguar (*276)	260	21	31	42	6½	13	16
	280	10	21	30	17	22	25
	300	5½	11	22	31	35	38
Land Securities (*568)	500	77	87	100	3	8	14
	550	37	50	63	12	22	28
	600	11	25	37	37	45	48
Marks & Spencer (*167)	160	14	17	21	3½	6	7
	180	5	7	9½	16	18	19
	200	1½	2½	-	35	37	-
Britoil (*500)	420	-	-	-	1	-	-
	460	-	-	-	5	-	-
	500	-	-	-	14	-	-
Rolls-Royce (*137)	120	21	24	126	2	5½	5
	130	12	16	19	4	6½	8
	140	6½	10½	13	9	11	14
STC (*279)	260	25	34	40	5	9	13
	280	12	23	28	11	17	21
	300	5	14	19	24	28	29
Sainsbury (*216)	200	22	28	31	1	4	5
	220	7	15	19	9	12	14
	240	2	7	-	26	27	-
Shell Trans. (*1033)	950	83	-	-	16	-	-
	1000	47	75	90	35	45	63
	1100	8	30	45	102	107	130
Storehouse (*234)	220	24	34	40	6	15	15
	240	12	22	28	14	24	24
	260	6	14	20	30	35	37
Trafalgar House (*311)	280	38	43	45	5	8	11
	300	23	28	33	8	16	20
	330	8	12	18	23	35	37
T.S.B. (*106)	90	18	20	-	1	1½	-
	100	9	13	15	1½	5½	4½
	110	5	6½	7½	6	7	0½
Utd. Biscuits (*290)	280	20	26	34	7	11	13
	300	10	16	22	16	20	22
Ultramar (*274)	260	26	40	-	9	15½	-
	280	15½	28	36	19½	25	33
	300	7½	19	27	32	37	45
Woolworth (*283)	260	28	35	42	5	5	6
	280	13	20	26	10	13	15
	300	4	11	16	23	27	28

Option		Calls Feb	Calls Nov	Calls Apr	Puts Feb	Puts Nov	Puts Apr
Ladbroke (*447)	390	75	63	-	5½	2½	-
	420	52	38	57	14	11	16
	460	27	16	33	33	30	36

Option		Calls Nov	Calls Feb	Calls Apr	Puts Nov	Puts Feb	Puts Apr
Brit Aero (*503)	460	54	70	80	9½	17	23
	500	27	47	55	27	35	45
	550	9½	24	32	63	65	75
BAA (*269)	260	-	28	35	-	10	13
	265	17	-	-	7½	-	-
	280	10	18	23	17	21	22
BAT Inds (*431)	390	48	60	65	6	10	15
	420	28	40	47	16	22	27
	460	10	21	27	40	43	52
Brit. Telecom (*238)	220	25	29	34	3½	7	9
	240	11	16	23	9	15	17
	260	4½	8	14	24	27	27
Cadbury Schweppes (*384)	360	42	53	60	12	18	21
	390	22	35	43	27	30	36
	420	11	23	30	48	50	55
Guinness (*321)	300	32	40	44	7	11	15
	330	14	22	28	20	25	20
	360	4	11	16	43	43	48

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
LASMO (*429)	390	43	73	-	[illegible]	[illegible]	-
	420	33	54	44	20	[illegible]	[illegible]
	460	15	36	45	45	[illegible]	[illegible]
P. & O. (*583)	500	[illegible]	102	-	4	[illegible]	-
	550	47	67	72	13	[illegible]	[illegible]
	600	18	37	45	46	[illegible]	[illegible]
Pilkington (*215)	200	26	30	37	5	6	11
	220	13	18	25	14	18	[illegible]
	240	5	9	14	26	32	[illegible]
Plessey (*161)	140	25	30	34	3	4	6
	160	10	15	21	8	11	[illegible]
	180	4	9	13	21	24	[illegible]
Prudential (*161)	160	8	14	15	8	9	13
	170	3	-	-	11	-	-
Racal (*328)	300	34	45	54	3	12	[illegible]
	330	17	26	36	21	27	[illegible]
	360	9	17	25	43	45	[illegible]
R.T.Z. (*425)	390	53	67	73	7	12	[illegible]
	420	32	47	57	20	27	[illegible]
	460	13	28	37	47	58	[illegible]
Vaal Reefs (*$73)	70	10	13	14	3½	7	7
	80	4½	7	9	9	14	14

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Amstrad (*220)	220	12	21	24	10	14	16
	240	4	10	17	23	23	26
Barclays (*405)	390	-	-	38	-	-	27
	395	16	27	-	12	22	-
	420	-	-	20	-	-	45
Beecham (*475)	460	27	38	50	8	17	22
	500	7	17	30	30	38	43
BTR (*288)	260	24	29	36	3	6½	9
	280	8½	16	23	12	15	18
Blue Circle (*457)	420	42	57	70	6	13	16
	460	15	33	48	23	32	38
	500	5	17	30	52	53	62
Dixons (*179)	160	23	28	34	1½	3	5
	180	9	13	20	8	11	13
	200	1	7	10	22	24	26
Glaxo (*954)	900	72	90	110	10	30	40
	950	39	59	88	28	35	42
	1000	16	38	65	60	80	88
Hawker Sidd. (*511)	460	62	72	87	5	6	10
	500	30	43	57	13	20	27
	550	9	17	32	43	48	52
Hillsdown (*284)	260	32	37	47	2	5	7
	280	16	21	28	7	10	14
	300	4	10	17	18	33	28
Hanson (*139)	130	11	14½	16	½	3½	4½
	140	4	0	10½	3½	8	9
	160	½	2	3½	22	22	23½
Lonrho (*240)	223	20½	28	-	2½	5½	-
	240	7	17	22	7	11	16
Midland Bk (*412)	390	32	45	-	3	8	-
	420	14	23	35	16	19	28
Sears (*141)	120	23	25	29½	1	2	4
	130	14	18½	23½	3½	5½	8
	140	7	12½	17	5	10	17
Tesco (*147)	140	10	15	19	2	5	6½
	160	1½	4	8	15	17	17
Trusthouse Forte (*255)	220	37	44	47	2	3½	5
	240	20	29	32	4	7	12
	260	8	16	20	12	15	21
Thorn EMI (*661)	600	72	80	92	2	6	12
	650	25	47	60	9	20	28
	700	4	18	33	40	47	50
Unilever (*453)	420	40	50	60	3½	9	13
	460	13	26	37	19	27	30
	500	3	11	21	50	59	59
Wellcome (*506)	500	23	46	60	15	27	42
	550	6	22	38	49	57	60

Option		Calls Sep	Calls Dec	Calls Apr	Puts Sep	Puts Dec	Puts Apr
Boots (*228)	200	31	36	42	1	4	6
	220	14	21	29	5½	11	15
	240	5	10	19	16	21	21

Option		Calls Jan	Calls Oct	Calls Mar	Puts Jan	Puts Oct	Puts Mar
British Gas (*184)	170	-	18	-	-	1½	-
	180	16	10	17½	6½	3½	8½
	200	6½	2	8½	18	17	20

Option		Calls Sep	Calls Nov	Calls Jan	Puts Sep	Puts Nov	Puts Jan
RHM (*453)	420	42	40	57	5	10	12
	460	12	19	25	18	20	23
	500	4	8	14	50	53	58

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
Conv. 9½% 2005 (*100)	98	2½	3	[illegible]	[illegible]	[illegible]	[illegible]
	100	[illegible]	1[illegible]	[illegible]	[illegible]	1[illegible]	1[illegible]
	102	[illegible]	[illegible]	1½	2[illegible]	2½	2[illegible]
Tr. 12% 1995 (*108)	106	1[illegible]	2[illegible]	2[illegible]	[illegible]	[illegible]	[illegible]
	108	[illegible]	1[illegible]	1[illegible]	[illegible]	1[illegible]	1½
	110	[illegible]	[illegible]	[illegible]	2[illegible]	2[illegible]	2[illegible]

Option		Calls Aug	Calls Sep	Calls Oct	Calls Nov	Puts Aug	Puts Sep	Puts Oct	Puts Nov
FT-SE Index (*1829)	1650	182	185	192	202	1	5	10	13
	1700	132	137	150	160	2	9	16	23
	1750	83	95	110	122	5	17	27	35
	1800	41	59	74	87	14	32	45	52
	1850	12	30	45	61	34	58	67	77
	1900	3	13	27	38	75	92	97	106
	1950	1	5	14	25	125	133	137	141
	2000	½	3	9	15	175	180	182	182

August 17 Total Contracts 27,502 Calls 20,667 Puts 6,835
FT-SE Index Calls 828 Puts 835
*Underlying security price.

هكذا وجد الأصل

LONDON STOCK EXCHANGE

UK lending data awaited nervously

UK SECURITIES markets, having so far survived this week's barrage of economic data without too much harm, turned their anxieties yesterday towards the UK money supply statistics for July. This morning's disclosure of the money data, and in particular the details of bank lending, is likely to influence the near-term outlook for domestic interest rates, the prime cause of recent investment uncertainty.

Government bonds were virtually lifeless as the big institutions kept out of the way and traders weighed the chances that bank lending continued to rise last month. Securities analysts expect the M4 bank lending figure to increase by around £9bn – "less than that would be good news, more would be significantly unsettling", said one dealer.

With the Gilt-edged markets on hold ahead of the money supply announcement, little heed was paid to the continued firmness in London money market rates.

However, a slight easing in sterling was taken as a good omen for interest rates and share prices tried to extend their recovery behind Wall Street's overnight improvement. But the rally again lacked conviction and, with US markets making a slow start to the news session, London stock closed below their best levels.

The FT-SE Index ended the session with a net rise of 5.6 to 1830.9. The Seaq daily volume total, which takes in both customer and marketmaker business, fell to 338.5m shares from Tuesday's 346.6m.

Sentiment was helped by the absence of the rights issue from the Standard Chartered interim report, although the board repeated its intention of making a rights call when it considers the timing appropriate.

Also encouraging for international blue chips was the news that Farmers Group, the US insurer, has agreed to discuss the terms of the £3bn offer from BAT Industries, providing the first indication that the bid may succeed.

Elsewhere in equities, however, there was very little genuine investment activity, and traders were unimpressed by a re-run of several of the recent speculative stocks.

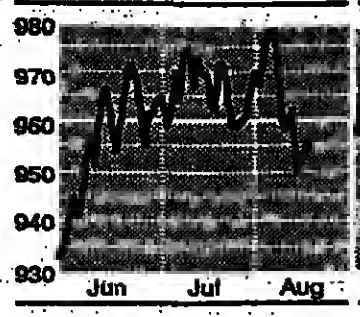
Government bonds looked dull throughout the session, although the sector was not disturbed by the latest report on the UK economy from the Organisation for Economic Co-operation and Development (OECD), which warned that the UK economy is growing at an unsustainable rate. Bond analysts took the view that the report contained nothing new

Losses of ⅛ or so were marked against the longer dates in early trading, and prices then made little further move for the rest of the session. The shorts closed unchanged, with traders keeping a close watch on the London money market.

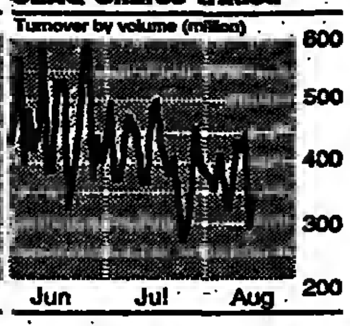
Account Dealing Dates		
*First Dealings:		
Aug 1	Aug 15	Sep 5
Option Declarations:		
Aug 11	Sep 1	Sep 15
Last Dealings:		
Aug 12	Sep 2	Sep 16
Account Day:		
Aug 22	Sep 12	Sep 26

*New time dealings may take place from 9.00 am two business days earlier

FT-A All-Share Index



SEAQ Shares traded



Renewed support for BAT

The first sign of a breakthrough in BAT Industries' bitter struggle to acquire Farmers Group of the US was greeted warmly by the City. Shares of the UK tobacco and insurance major quickly broke out of the restricted trading range imposed by the seven-month deadlock, enjoying an expansion in investment activity and closing 7 higher at 431p.

Farmers' decision to consider negotiations with BAT was probably due "to the pressure brought by the time limit of the $72 per share bid, which increased the risk of shareholders lawsuits" said BZW, the UK securities house. The latest BAT offer is due to expire tomorrow unless the two sides get together. There is no guarantee of success in the current negotiations, but the fact that BAT and Farmers are talking at all is highly encouraging, added BZW.

BAT may have to increase its offer slightly to gain Farmers' consent, but the legal tide now seems to be turning in its favour. The deal requires the approval of nine US states and on Tuesday Illinois became the third state conditionally to support BAT.

Sun Life rise

Life assurance group Sun Life raced ahead late in the day to close a net 42 firmer at 1255p as Groupe AG, one of Belgium's largest life assurance companies, revealed it had built up a 5.49 per cent stake in the UK life group. South African life group Transatlantic holds a 25.7 per cent stake in Sun Life. Sun Alliance, the composite group, has a 5.2 per cent stake.

Dealers said the move could well attract strong support for the life sector, long talked of as one of the prime areas for expansion by European groups into the UK arena ahead of 1992.

C & W interest

Demand for Cable & Wireless, the telecommunications group, was seen after a UK securities house lifted its profit forecast for this year and also for 1989. At 381p, C&W shares gained 6, although turnover at 1.3m shares was relatively moderate.

The increased profit forecasts were based on the more favourable outlook for the dollar/sterling exchange rate, according to Mr Chris Tucker, electronics sector analyst at Kleinwort Grieveson. He also thinks that profits may benefit this year from the £20m arising from C&W's purchase and resale of its 2.8 per cent stake in Racal Electronics.

On these assumptions, the London securities firm has raised its forecast of C&W profits for this year from £445m to £460m, and for next year to £560m.

Cadbury move up

Renewed interest in Cadbury Schweppes owed more to investment fundamentals than to the perennial rumours surrounding the 22 per cent equity stake held by General Cinema of the US. At 383p, Cadbury put on 6, although turnover looked unimpressive at 1.8m shares.

The market discounted the somewhat tired rumours that General Cinema plans to sell its shares in the UK confectionary and soft drinks group, but noted that Cadbury's interim results are due on September 1, just inside the current three week equity trading Account.

Mr Les Pugh, Salomon International's food stocks analyst, while unimpressed by the recent strength of Cadbury shares in the wake of Grand Metropolitan's plan to sell Inter-Continental Hotels, believes that "the premium rating on Cadbury will prove justified by management's exploitation of marketing skills and existing relationships". However, he makes no forecast for the half time figures.

Lonrho burst forth from a spell of relative inactivity, rising 5 to 240p in volume of 1.5m shares. Mr Euan Worthington, mining analyst at Warburg Securities, has just put the finishing touches to a circular on the group. He gives the stock a high rating, pointing to assets of nearly £5 per share, a prospective p/e multiple of 8.3 – which should be closer to 10.0 – and a potential dividend yield of 7.4 per cent.

Inchcape were also supported and hardened 2 more to 220p, reflecting advice from County NatWest WoodMac that, "since their relative peak in June the shares have not performed. A super set of interim figures should ensure strong relative performance".

A profits downgrading of Storehouse by the stores team at securities house Smith New Court was said by dealers to have been responsible for some sizeable selling of Storehouse shares. They dropped to 231p before closing a net 5 off at 233p on turnover of 4.2m.

Smith has lowered its forecast of earnings for the current year from £130m to £120m - compared with last time's £113m. "Storehouse has found clothing sales very difficult this summer", Smith says.

An otherwise uncertain retailing sector included another outstanding performance from recent favourite GUS "A" -labelled "stock of the month" by UBS Phillips and Drew.

The shares jumped 7 more to 1087p, still buoyed by the proposed buy-in of up to 15 per cent of the company's shares and the well-publicised defensive qualities of the group.

Sears hardened to 141p on turnover of 3.6m with dealers reporting the reappearance of the strong buyer of recent days. WH Smith were a fraction firmer at 271p after the figures and disposal of Book Club Associates to West Germany's Bertelsmann for £60m.

Interest in the oils sector was again focussed on BP where the "old" attracted turnover of 9m and the "new" volume of 17m. The share prices were finally unaltered at 247p and 53p respectively with the market alive with heavy "switching" business – selling the new and buying in the old in the morning and the reverse situation later.

Standard Chartered's interim figures were announced early in the session, and unaccompanied by the much-spoken-of rights issue. Profits, at £156m against last time's £244m loss, were at the top end of estimates and triggered a spate of buying interest which lifted the shares to a closing level of 507p, up 15 on the session.

Traders in the stock were still convinced that a rights issue of at least £300m would be made in the near future – "sooner than than later, only weeks away," said one.

Merchant banks were given a strong push early in the day, but came well off the top towards the close. Morgan Grenfell ended 9 to the good at 313p, after 319p, Warburg added 5 at 313p and Kleinwort Grieveson rose 3 to 383p.

Irish Distillers began to advance late and ended 7 up at 290p on an unconfirmed report that the Takeover Panel would today recommend Grand Metropolitan, a member of the GC&C consortium currently bidding for the group, be allowed to go alone with a new immediate offer. Rumours of such a possibility, together with speculation about the Pernod stake, were circulating earlier in Dublin but London paid them little heed.

Hanson, the international conglomerate, continued to attract considerable attention. The addition of a further sum to Hanson's already sizeable cash mountain via the sale of its US based Kidde fire protection business prompted analysts and other commentators to speculate about the group's next moves. With most of the talk centred on the possibility of another large takeover bid, Hanson traded briskly (some 10m shares changed hands) with the price closing a shade dearer at 139p.

Blue Arrow, heavily traded in both the US and London over the past few days, edged up a penny more to 93p. Williams Holdings, scheduled to reveal interim figures on August 30, attracted buyers and in better volume (around 3m changed hands) closed 6 dearer at 296p.

S&W Berisford slipped 3 to 387p as the board's approach to Billingsgate City, the property asset holder, discouraged last week's speculation of a bid or similar move against Berisford itself. The most-favoured market rumour was of a planned management buyout of Berisford. Such hopes appear unlikely if a deal with Billingsgate is consumated, yet the precise shape of Berisford's plans for Billingsgate, of which it already holds all the equity, remains unclear.

The rest of the food sector looked little more exciting than the overall stock market. Fitch Lovell gained 5 to 282p without attracting much business.

Morgan Grenfell, joining the lengthening list of UK securities houses to draw attention to growth potential in the food retailing sector, selected Tesco and Argyll as prime buy recommendations.

Both stocks, and also Asda, the supermarket group, were chosen by virtue of their attractions on market charts.

Morgan Grenfell considers the food retailing sector undervalued, perhaps because it is discounting an economic recession. The firm's economists believe, however, that any downturn will be "quite mild" and that there is still scope for consumer spending to rise by 2 per cent next year.

Argyll Group quietened down despite this week's rash of invesment circulars and closed little changed on the day at 185p. Tesco had a more active trading session but were also unchanged finally, at 147p.

Kwik Save saw activity, with the share price bobbing around the 364p-365p mark before closing a penny better at 365p.

Yale and Valor took a distinct turn for the better at 446p, up 10, as takeover hopes resurfaced. Williams Holdings and Ingersoll Rand of the US are both stakeholders in the company.

Satisfactory half-yearly results accompanied by a bullish statement on prospects brought a gain of 5 to 285p in Gordon Russell, while CCF, reflecting recovery hopes following the interim statement, improved 5 to 1487p. Acquisition news left Bodycote a shade firmer at 264p.

Staveley came to life on a long term buy recommendation from BZW, the shares gaining 7 to 177p. In a lengthy review of the company, BZW conclude that the group has a well established track record of profits progression and given the further exploitation of growth opportunities and benefit of acquisitions its rate Staveley a sound investment.

A Cohen, improved 75 more to 1125p in a limited market, interest still being generated by GM Firth's 8 per cent holding in the company. But VSEL Construction, reflecting worries about the group's labour problems, gave up 15 at 458p.

Dealers reported a quiet trading session in the Building sector, although several noteworthy movements occurred. Marley encountered a flurry of interest and raced ahead to 173p before closing 9 dearer on the day at 169p, prompting a revival of stakebuilding rumours: the group is scheduled to announce half-yearly figures on August 24. Ward Holdings moved in contrast, falling to 160p, down 9, on disappointment with the interim results.

Capital Radio (CR) went 5 higher to close at 299p when a securities house upgraded its profits forecast. BZW say the company is an excellent vehicle for investors to participate in the changing UK radio industry. At the same time, it confirmed that CR advertising revenues had held up well over the summer, giving BZW cause to slightly raise its 1987/88 pre-tax profit estimate to £6m.

AC Holdings drifted easier to 428p after the acquisition of a potentially controlling stake in Principal Hotels, a proposed scrip issue and the intended issue of convertible loan stock to finance the purchase.

Call options totalling 20,667 contracts made up the lions share of business in traded options where turnover amounted to 27,502 contracts. BP were extremely active, 3,022 call contracts being transacted and some 1,032 puts. Hanson saw 2,552 calls and 900 puts while in Racal there were 1,337 calls and 748 puts.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 34

FINANCIAL TIMES STOCK INDICES

	Aug 17	Aug 16	Aug 15	Aug 12	Aug 11	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	87.76	87.68	87.80	88.17	87.92	86.16	91.43 (18/4)	86.97 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.72	97.34	97.38	97.42	97.45	93.71	98.67 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1475.5	1473.3	1465.6	1484.6	1477.6	1712.4	1514.7 (8/8)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	188.1	191.4	192.8	189.5	188.9	422.9	312.5 (7/1)	188.1 (17/8)	734.7 (15/2/83)	43.5 (26/10/71)

	Aug 17	Aug 16	Aug 15	Aug 12	Aug 11	Year Ago
Ord. Div. Yield	4.61	4.62	4.64	4.59	4.59	3.37
Earning Yld %(full)	11.66	11.68	11.75	11.60	11.65	8.37
P/E Ratio(Net)(☆)	10.44	10.42	10.36	10.49	10.46	14.63
SEAQ Bargains(5pm)	18,954	21,506	23,380	28,341	24,059	31,858
Equity Turnover(£m)†	-	499.75	622.47	1040.15	979.6	1435.65
Equity Bargains†	-	22,716	24,593	29,382	26,733	37,723
Shares Traded (ml)†	-	345.9	295.9	449.5	420.2	464.6

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1472.7	1468.5	1470.2	1473.0	1472.6	1472.8	1472.9	1475.6

DAY'S HIGH 1476.4 DAY'S LOW 1468.2

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆ Nil 10.35 † Excluding intra-market business

S.E. ACTIVITY

Indices	Aug 16	Aug 15
Gilt Edged Bargains	114.3	104.2
Equity Bargains	147.2	159.4
Equity Value	1010.1	2021.76
5 – Day average		
Gilt Edged Bargains	111.3	113.3
Equity Bargains	166.6	169.5
Equity Value	1848.5	2021.76

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	1,100	153	+1	Cons. Gold	231	990		Land Securities	397	568	+2	Rothmans "B"	59	425	-1
Abbey Life	243	324	+1	Cookson	233	258	-1	Laporte	8	414		Ryl Bank Scotland	461	359	+4
Allied-Lyons	1,300	425	-1	Courtaulds	1,400	343	-1	Legal & General	218	321	-1	Royal Insurance	801	397	-1
Amstrad	493	220	+1	Dalgety	161	336	-1	Lloyds Bank	729	305	+2	STC	446	279	-1
Argyll Group	2,880	185		Dee Corporation	3,100	174	+3	LASMO	301	428	-3	Saatchi & Saatchi	271	361	+6
Assoc. Brit. Foods	112	314		Dixons	2,800	179	+2	Lonrho	1,500	240	+5	Sainsbury	2,300	217	+1
BAA	696	269		Eng. China Clays	258	458	+2	Lucas	26	539	-1	Scott & Newcastle	2,700	302	-2
BAT	2,500	431	+7	Enterprise Oil	466	477	-1	MEPC	305	538	+2	Sears	3,600	141	+1
BET	1,000	228	-4	FKI Babcock	1,200	130	-1	Marks & Spencer	3,500	167		Shell Transport	572	10¾	+⅛
BICC	1,100	356	-7	Fisons	578	251		Maxwell Comm.	740	209	+1	Siebe	349	382	-2
BOC	300	409		General Accident	116	985	-4	Metal Box	1,900	234		Slough Estates	696	305	+3
BPB Inds	212	296		General Elect.	3,300	159½	+½	Midland Bank	217	413	-2	Smith & Nephew	2,500	130	+½
BTR	1,900	280		Glaxo	595	959	+8	NatWest Bank	500	543		Standard Chrtd.	1,100	507	+15
Barclays	1,400	488	+5	Globe Investment	507	142		Next	369	234	+2	Storehouse	4,200	233	-5
Bass	237	775	+4	Glynwed	124	304	-3	Northern Foods	274	285	-2	Sun Alliance	340	969	-8
Beecham	272	475	-1	Granada	629	302		Pearson	75	758	+3	T & N	398	179	+2
Blue Arrow	7,700	93	+1	Grand Met.	1,500	511	+3	Pearl Group	352	477	+3	TSB	1,700	106	+½
Blue Circle	286	456	-2	GUS "A"	601	10¾	+⅛	P & O	422	585	+4	Tarmac	745	236	+1
Boots	4,800	227	-1	Guardian R.E.	510	187	-1	Pilkington	677	214	+1	Tate & Lyle	428	850	+4
Brit. Airways	274	159	+1	GKN	363	326	+1	Plessey	302	161		Tesco	1,200	147	
Brit. Aerospace	1,200	584	+1½	Guinness	3,800	326½	-1½	Prudential	1,600	162	+2	THORN EMI	259	664	+2
Brit. & Comm.	269	240		Hammerson	1	621	+1	Racal	3,700	318	-4	Trafalgar House	1,700	312	+2
British Gas	610	184		Hanson	10,000	139¼	+2	Rank Org.	132	716	+3	Trusthouse Forte	911	255	+2
British Land	203	339	+1	Harrisons & Cros.	34	632	+2	RMC	106	476	+1	Ultramar	698	274	
BP	9,200	247		Hawker Siddeley	228	514		RHM	512	453	+3	Unilever	1,150	454	+2
Brit. Telecom	2,400	238		Hillsdown Holdings	280	284		Reckitt & Colman	139	923	+6	United Biscuits	767	290	+1
Burmah Oil	99	526	-2	IMI	465	201	-1	Redland	185	429		United News.	160	425	-1
Burton	6,900	225		ICI	1,860	10⅞	+⅛	Reed Intl	259	435		Wellcome	356	506	
Cable & Wireless	1,300	380	+5	Inchcape	314	220	+2	Reuters "B"	1,200	475	+10	Whitbread "A"	762	301	-1
Cadbury Schweppes	1,800	383	+6	Jaguar	96	276	+1	RTZ	1,800	425		Williams Holdings	3,300	296	+6
Coats Viyella	1,325	224	-4	Ladbroke	1,100	449	+3	Rolls-Royce	1,200	137	-1	Wimpey	175	235	
Commercial Union	320	360										Woolworth	591	281	+1

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (52).

CANADIANS (1) Daebus Res., BREWERS (1) Morland, BUILDINGS (5) Bailey (Ben), Copson (F.), Dunton Group, Eve Group, McAlpine (Alfred), STORES (3) Cantors Ord., DAKS Simpson "A", Upton (E.), ELECTRICALS (4) Memec-Swain, Pifco Hldgs "A", Renishaw, Sony Co., ENGINEERING (3) Chamberlain & Hill, A.Cohen, Staveley Inds., FOODS (3) Baileys, Clifford "A" N-V, Sutherland Hldgs., HOTELS (2) Queens Moat, Resort Hotels, INDUSTRIALS (10) Bardsey, Bogod Pel. "A", C'bell & Armstrong, De La Rue, Dobis, Esselte, Man.Ship Canal, Securicor Gp "A" N-V, Sinclair (Wm) Westmex, MOTORS (2) Appleyard, Evans Halshaw, PAPERS (3) Dudley Jenkins, Goodhead Print, More O'Farr., PROPERTY (2) Broadwell Land, Marler Estates, SHIPPING (1) Gotaas, TRUSTS (8) Argo Inv., Drayton Far East, F & C Pacific Inv.T., Kleinwort Smaller Cos., Lon.Atlantic, Mid Wynd Inv.Tst., Comp.Fin.servs., Flexitech, OILS (3) Global Nat. Res., Peko Oil, Ranger Oil, MINES (2) Pan Austn Mining, CRX Inc.,

NEW LOWS (24).

BRITISH FUNDS (5) Treas.6pc 1986-89, Exch.2½pc 1990, Treas.3pc 1991, Treas.3pc 1990, Do.8¾pc 1987-90, Funding 5¾pc '87-91 LOANS (1) N'wide 9½pc 8.5.89, STORES (2) Mallet, Vivat Hldgs., INDUSTRIALS (3) Assoc. Br. Eng. 8pc, Medical Resch., Sale Tilney, INSURANCE (1) NZI Con., NEWSPAPERS (1) News Int.Spec.Div., PAPERS (1) Brunning Grp., TRUSTS (1) Baltic, MINES (8) Blyvoor, Anglo Dominion, Eastmet, Elandsrand, Kloof Gold, Ventersport, F.S. Cons. Gold, Unisel.

APPOINTMENTS

Vaux forms retailing company

■ As reported in the *Financial Times* yesterday (page 5) the Vaux Group is setting up a retail company to run its managed houses. Based in Sunderland, it will be called VAUX INNS, and will operate from October, running a total of 120 houses. Mr Peter Catesby, managing director of Swallow Hotels, will become chairman of the new company, while continuing to run Swallow Hotels. He has also been promoted to group deputy managing director. Mr Russell Wides, currently tied trade director of S.H. Ward & Co., Sheffield, (one of the companies forming Vaux Inns) will become managing director of the new company.

■ ARENSON GROUP, St. Albans, Hertfordshire, has appointed as non-executive directors Mr Holger O. Sondergaard, Mr Henrik Brandt and Mr Anthony Jackson. Mr S. Tregar has resigned from the board while remaining a director of the operating subsidiary, Arenson International. Mr A. Arenson has resigned as chairman but remains a non-executive director. Mr Sondergaard succeeds him as non-executive chairman. These changes follow the announcement by Charterhouse Bank on behalf of Skandinavisk Holding that its offer to acquire the company has been declared unconditional.

■ Mr Terry Van Der Weele has been appointed marketing director of the NEWBOURNE GROUP, a division of Home & Law Publishing. He was an account manager at IPC.

■ WYEVALE GARDEN CENTRES, Hereford, has appointed Mr Christopher Powell as a non-executive director. He is managing partner of Hazlewood & Co., the company's auditors, and holds a number of directorships, including Britannia Group.

■ Following the acquisition by COURTNEY POPE (HOLDINGS) of The Lighting Workshop group, and of Euroneon, Mr Brian Norris, formerly chairman of The Lighting Workshop has been appointed to the Courtney Pope (Holdings) board, with overall responsibility for restructuring the whole of the electrical division. He will also act as managing director of Courtney Pope Lighting, the largest company in the division. Mr Michael Dunk is to be promoted from commercial to managing director of The Lighting Workshop. Euroneon will remain under Mr Michael Thomas as chairman. He will join Courtney Pope (Holdings) as technical director, and will assume responsibility for all of the group's sign making.

■ Mr Derek Allison, a director of Associated Newspaper Holdings, has been appointed managing director of subsidiary ANGEX. He succeeds Major General Peter Blunt, who is retiring but who will remain non-executive chairman of Angex and Argus Shield, and a board member of Associated Newspaper Holdings.

■ Mr Ralph Quartano has joined the board of BOOKER as a non-executive director. He is chairman of PosTel Investment Management and deputy chairman of the Securities and Investment Board. He is also on the boards of the Clerical Medical and General Life assurance Society, Investors in Industry Group, and the John Lewis Partnership Pension Trust.

■ NATIONAL INVESTMENT GROUP has appointed Mr David Burdett Brown as regional director with responsibility for professional intermediaries and personal financial planning in the southern region. He joins from Coopers and Lybrand where he had worked as a commercial partner in Brussels, and in the tax department.

■ Mr Keith Hughes has been appointed chairman of the UNITED KINGDOM PROVISION TRADE FEDERATION.

■ Mr Arne Strom has been appointed managing director of FRIGOSCANDIA CONTRACTING, Bedford. He succeeds Mr Ketil Haugen who has been appointed business area manager, freezer systems, at head office in Sweden, a post previously held by Mr Strom.

Mr Tony Ryde (above) has been appointed manager of BP OIL's retail division, with responsibility for the company's network of 2000 service stations. Mr Ryde, who joined BP in 1967, succeeds Mr John Perry who has moved to BP's international headquarters.

■ HAMILTON BROTHERS OIL AND GAS has made the following appointments to its UK operation. Mr E.A. Blair, president; Mr C.C. Stewart, vice president, technical; and Mr M.H. Pattinson, vice president, exploration – all based in London. Mr L.V. McGuire becomes vice president, operations, in Aberdeen.

COMMODITIES AND AGRICULTURE

Miners' strike in Peru ends with indexed pay deal

By Veronica Baruffati in Lima

THE MINERS' strike in Peru, 30 days long, which cost the country $140m in lost metal production, ended on Tuesday evening with the signing of a deal between the Government of President Alan Garcia and the National Federation of Miners.

The deal, to be published tomorrow in El Peruano, the state daily, consists of a supreme decree end a ministerial resolution.

These racognise the federation's right to collective bargaining and provide for the setting up within 30 days of a negotiating committee of representatives of government, employers and workers.

Miners' benefits include:

- Indexation of wages to inflation, which is expected to exceed 400 per cent this year.
- Retirement at the age of 45 years for miners who hava worked underground for at least 10 years, and at 50 for other miners with at least 10 years' service.

A government official, who preferred to remain anonymons, said ths combination of terrorist attacks on electricity installations at the end of July and the month-long strike would cause e fall of 30 per cent to 40 per cent in the annual output of zinc alone.

This would be at e time higher zinc prices on the world market could have helped to boost the sagging Peruvian economy.

Peru is usually the world's second-biggest producer of zinc, accounting for about 11 per cent of non-communist world supplies.

Our Commodities Staff writes: Although the Peruvian news was bearish the continuing tight supply/demand situation prevented a sharp reaction on the zinc market.

With dollar strength against sterling lending extra support, the cash position on the London Metal Exchange lost only £2 of this week's earlier £31.50 rise to close at £786 a tonne.

In Franfurt yesterday Metallgesellschaft said it was raising its European zinc producer price from $1,200 to $1,275 a tonne. The rise, which is likely to be followed soon by other suppliers to the European market, is the first change in the price since July 14, when it was cut from $1,350 a tonne.

- In Canada, meanwhile, Falconbridge, the non-communist world's second-biggest nickel-producer, was resuming talks yesterday with the Mine Mill & Smslter Workers Union. It was trying to reach e new contract covering its Sudbury mining operation in Ontario, writes Robert Gibbens in Montreal.

A mediator was joining the meeting but Falconbridge said a strike was still possible

Australian metals project approved

By Kenneth Gooding, Mining Correspondent

APPROVAL HAS been given for development, at a cost of A$120m, of a copper-zinc and precious metals project at Scuddles, on the Golden Grove property 370km north-east of Perth, Western Australia.

The venture is one of the few non-gold projects to be started in Australia for many years.

The partners in it said yesterday that the deposit was world-class and that arrangements had been made to sell the metal concentrates to customers in south-east Asia and Europe.

Production should start in two years' time at the rate of 800,000 tonnes of ore a year from reserves estimated at 10.5m tonnes containing 11.7 per cent zinc; 1.2 per cent copper; 89 grams a tonne silver and 1.1 grams a tonne gold.

Two concentrates will be produced, one containing zinc and the other copper and precious metals.

Production in the first five years will average 183,000 tonnes e year of zinc concentrates and 17,000 tonnes of copper-precious metals concentrates.

Armada Resources and Australian Consolideted Minerals between them have a 45 per cent stake through their jointly-owned Murchison Zinc Co, which will be the project operator.

EC hormones scandal draws angry reactions

By Tim Dickson in Brussels

THE European Community's latest hormones scandal – the illegal injection of 15,000 calves, mainly in the West German state of North Rhine Westphalia – has drawn angry reactions from both sides of the debate.

The European Federation of Animal Health (Fedesa), the lobby which brings together leading pharmaceutical companies, has said black-market hormone cocktails of the kind apparently used in the West German case can only be stamped out by allowing the licensed, controlled use of five safe hormones included in this year's EC-wide ban on hormones generally.

Mr Michael Leathes, Fedesa secretary general, said: "Hormones enable farmers to produce higher quality meat at lower prices. At a time of beef surplus the EC banned all hormones in order to discourage farmers from producing beef. This was the real reason why five entirely safe hormones were banned. It is not surprising that e black market has subsequently mushroomed."

However, Fedesa's position is rejected by BEUC, the Brussels-based consumer lobby. BEUC issued a press release pointing the finger at hormone-makers.

It identifies what it considers the four main problems

- The 31 multinationals which belong to Fedesa duped farmers into thinking the ban would soon be lifted and therefore "slowed down the necessary changes in thinking of cattle breeders . . . and encouraged violations."
- Nothing, to its knowledge, has been done to control manufacturers' hormone stocks since the prohibition. BEUC says the therapeutic use of hormones which is still permitted should only account for a tiny amount of previous output.
- Controls on the rearing, slaughtering and selling of animals are insufficient in the EC and are not vigorously enforced. Research into hormone-detection methods ought to be given higher priority.
- Steps should be taken to ensure that hormones meant for therapeutic purposes are not used for fattening.

THE European Community's management committee, comprising representatives of member-states and the European Commission, will consider new bids for the EC's 770,000-tonne beef mountain at its next meeting, on Tuesday.

This follows the announcement this month of a so-called open tender for several East European countries with a minimum quantity of 25,000 tonnes per bid.

Particular interest has been expected from the Soviet Union in view of last month's linked butter and beef deal with Moscow.

Contrary to expectations, no offers were accepted at the management committee last Thursday in Brussels. Officials say the prices submitted were too low.

US reprieves Caribbean ethanol industry

By Canute James in Kingston

THE CARIBBEAN ethanol industry, which seemed condemned to an early grave because of difficulty in obtaining preferential access to the US market, has been given a last-minute reprieve.

Provisions in the US Trade Act, recently passed by Congress, will allow Caribbean ethanol with low value added the region, duty free access to the US until the end of next year.

Two plants in the region, one in Costa Rica and the other in Jamaica, were closed this year when the US Administration ruled that the producers must obtain 60 per cent of their feedstock from within the region to qualify for duty-free access. A third plant, located in Jamaica, was to be closed at the end of this year.

The act allows preferential access for ethanol with as little as 30 per cent local value added, while US government agencies carry out studies on the industry.

Mr William Maloney, chief exective of Tropicana Jamaica, a subsidiary of Tropicana Petroleum of the US, said: "This will ensure the viability of the Caribbean's ethanol industry. The threat to the industry is removed. No one could have met the new rules and survived as there is not that amount of feedstock in the region."

Mr William Saunders, general manager, Petroleum Corporation of Jamaica, which had closed its ethanol subsidiary, said the act had given the region's industry some breathing space.

He said: "We are preparing to reopen our plant and get back on stream. The only regret is that we lost the better part of a year waiting for the US Congress to agree to our position."

The problems which faced the industry also threatened proposed investments in ethanol plants in the Bahamas, El Salvador and the Dominican Republic, valued at about $100m.

The region's fledgling ethanol industry is based on growing demand for the product in the US, where it is used as an additive to motor-vehicle fuel.

Several governments saw the new industry as an alternative use for sugar cane.

Peru aims to fleece vicuna black market

Barbara Durr on a project to balance commerce with conservation

THE FINEST wool on earth, it is said, belongs to the vicuna, the slender, delicate, Andean camel.

However, a long battle to preserve the endangered wild population of the species has left its softer-tban-cashmere wool unavailable except through poaching and the black market.

Peru, home of the largest member of the vicuna family, has a project expected soon to expand its herd of about 100,000 vicuna and to export locally-woven cloth, not the fibre.

The project was designed in accordance with international agreements to protect the animal and to promote production of its wool to benefit the impoverishad inhabitants of the Andean highland, the vicuna's natural habitat.

The project's first step, already well under way, was to multiply the vicuna population. The main Galeras Reserve that began with 700 vicuna in 1966 now had about 70,000, an official said.

The vicuna, heavily hunted since the mid-19th century, was near extinction by the 1950s. Mr Felipe Benavides, a conservationist who presides over the Peruvian Multi-Sector Commission for Care of the Vicuna, says Britain was the prime culprit. He suspects it still is.

Since as early as 1851, when a shawl for Queen Victoria won a prize et e national exhibition, British women's clothing-makers had coveted the fibre and motivated massive killing of the vicuna, Mr Benavides said.

More recently, although the international sale of vicuna wool was prohibited to halt poaching, he said the British Government had still not explained a discrepancy.

This was between the British declaration in 1984 of its stocks of more than 900kg and Japan's later declaration that it had imported from the UK 5,000 metres of vicuna cloth and about 3,700 vicuna scarves. One kilogram of wool can be made into about 1 metre of fabric.

Mr Benavides said that because fibres were untraceable be could not say with assurance that the vicuna obtained by British manufacturers came from Peru. Chile has 25,000 head, Boliva 15,000 and Argentina 8,000.

However, he said it was clear the animals would have had to have been illegally slaughtered, rather than captured and shorn.

Mr Benavides, who styles himself the Elliott Ness of conservation, has petitioned Britain for information on its alleged vicuna exports. While fibres are not traceable, fabrics are, he said. However, it is also not yet clear what percentage of sucb fabric-exports contained vicuna.

Peru's vicuna project will work as follows: highland peasant communities will be paid to care and pasture vicuna entrusted to them by the state; with belp from project professionals the animals will be captured and shorn, and the wool processed on contract by local textile companies; the fabric, with an internationally-recognised trade name of Vicunandes – to distinguish it from illegal fabrics made from poached animals – will be sold locally and internationally; the money earnt will go to a vicuna fund, part of which will benefit the peasant communities, part of which will go to maintaining and upgrading the project.

The black-market price of a matre of vicuna cloth is running at about $1,300, and so the project with enough output would earn a tidy sum.

However, several factors are frustrating progress. Conservationists, and government officials in charge of the project, say it is a prime example of how Peru, sitting on fantastic wealth, cannot develop its own resources to benefit its people.

Domestically there is bitter debate among conservationists abont how the vicuna herd should be managed. Some say the herd needs to be culled, others that culling is entirely unnecessary. This has obstructed any advances for the project for several years.

The highland peasant communities which would theoretically take care of the vicuna are unaccustomed to the idea, given the animal's absence for decades.

Moreover, the communities, most of which are 4,000 metres or more above sea level, are located where the Sendero Luminoso guerrillas are most active, in Andean departments such as Ayacucho, Junin, Huancavelica, Apurimac and Puno.

This presented a severe security problem for project staff, said Mr Marco Romero, chief of the Ministry of Agriculture's forestry and fauna office.

There is also the issue of when such a project could become economically viable. A project official estimated that for starters, the project would need to supply a minimum of 2,000kg to 3,000kg of wool a year to manufacturers.

Given that four vicunas render only a kilogram of wool every two years, he believed the project would have to work with at least 20,000 to 30,000 vicuna.

That number is feasible given the current population – Mr Benavides wants an eventual herd of 2m.

However, the Peruvian Government's scant resources mean financing the project is problematic. It was estimated to need $6m to get off tha ground and must raise at least half that from foreign sources, Mr Romero said.

Peruvian officials are looking toward possible contributions of agricultural-development aid from the UN Food and Agricultural Organisation, or from traditional donor governments such as West Germany and Canada.

However, they admit the project is encumbered with Peru's deadening bureaucracy, which is likely to discourage international donors.

Not only is the agriculture ministry involved, but so are the ministries of industry, foreign relations and the presidency, as well as the Foreign Trade Institute.

In spite of all the obstacles, an official said they are still soldiering on and cloth-making will begin next year.

Copper and zinc over-supply 'massive'

By Kenneth Gooding

A MASSIVE over-supply of copper and zinc in concentrates would occur between next year and the end of 1991 and refined copper prices were likely to fall steeply, said Metals and Minerals Research Services, a London-based consultancy.

Zinc producers were more likely to protect the price of their refined metal by cutting mine output, the group said in its Base Metal Concentrates newsletter.

It said more than 600,000 tonnes a year would be added to copper concentrate supplies, compared with current annual output of about 6.55m tonnes, by:

- New, high-grade, low-cost copper output from Escondida property, Chile.
- RTZ Corporation's Neves Corvo project in Portugal.
- Increased output from Ok Tedi in Papua New Guinea and BP Minerals's Bingham Canyon in Utah.

As for zinc, Cominco's Red Dog mine in Alaska combined witb developments in Australia at Hellyer, Lady Loretta, Golden Grove Thalanga and elsewhere would add more than 400,000 tonnes a year to concentrate output currently running at an annual 5.3m tonnes.

At the same time, expected mine closures would be held back and be behind schedule. Mr Simon Hobson, a M&MRS director, said yesterday: "It is unlike anything we have ever seen before."

There would be a mnch slower growth in smelter capacity to traat the concentrates, which in copper's case contained about 25 per cent to 27 per cent pure metal and for zinc 50 per cent to 60 per cent metal.

Mr Hobson said smelters already had enough capacity to meet expected demand for refined metal

M&MRS said "a huge statistical surplus of zinc in concentrates (of more than 300,000 tonnes per year) is likely to emerge et the start of the 1990s" and "a widespread and m a s s i v e oversupply of copper concentrate is threatened."

So it could be expected that treatment and refining charges paid by miners to smelters would rise substantially unless concentrate outpnt were curtailed.

However, M&MRS said that, while the international conglomerates which dominate the zinc market might cut mine outpnt to avoid surpluses, it was unlikely copper-producers would do the same, because they tended to be state-owned companies or publicly-owned North American groups.

If tha smelters were encouraged by high charges to work at capacity, this would produce a surplus of refined metal and force prices down.

Base Metal Concentrates. MMRS, 222 The Strand, London WC2R 1BA. £600 a year

WORLD COMMODITIES PRICES

LONDON MARKETS

European consumer demand continued to underpin the tin market yesterday as currency fluctuations helped to lift the European free market price to the highest level for 18 months. The indicated price range was £4,375 to £4,380 a tonne, compared with £4,290 to £4,300 on tuesday afternoon. On the London Metal Exchange meanwhile base metals prices were eratic. Copper was relatively strong with the cash price £16.50 up at £1,266 a tonne and the premium over three months metal widening from £4.75 to £6.50 a tonne. Cash nickel also rose, but only by a modest £75 a tonne, while lead and high grade aluminium relinquished some of their earlier gains. Their was little excitement on the soft commodities markets, where cocoa gained a few more pounds and robusta coffee edged back after Tuesday's rise.

SPOT MARKETS

Crude oil (per barrel FOB September)		+ or -
Dubai	$13.15-3.20q	-0.125
Brent Blend	$14.75-4.80y	-0.15
W.T.I. (1 pm est)	$15.45-5.50y	-0.13

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$169-171	
Gas Oil	$128-130	
Heavy Fuel Oil	$68-70	
Naphtha	$134-136	+1
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$428.25	-3.75
Silver (per troy oz)♣	660c	-13
Platinum (per troy oz)	$527.75	-13.75
Palladium (per troy oz)	$122.25	-1.90
Aluminium (free market)	$2745	
Copper (US Producer)	101½-103c	
Lead (US Producer)	36c	
Nickel (free market)	650c	
Tin (European free market)	£4382.5	+87.5
Tin (Kuala Lumpur market)	19.39r	+0.05
Tin (New York)	343.0c	-0.5
Zinc (Euro. Prod. Price)	$1200	
Zinc (US Prime Western)	65⅝c	
Cattle (live weight)†	113.36p	-2.84*
Sheep (dead weight)†	160.75p	-27.2*
Pigs (live weight)†	87.73p	-1.43*
London daily sugar (raw)	$260.6s	-0.4
London daily sugar (white)	$264.0s	-6.5
Tate and Lyle export price	£274.5	-6.5
Barley (English feed)	£101.5	-0.5
Maize (US No. 3 yellow)	£141	
Wheat (US Dark Northern)	£118.25x	-0.50
Rubber (spot)♥	71.50p	+0.75
Rubber (Sep)♥	77.50p	+0.75
Rubber (Oct)♥	77.75p	+0.75
Rubber (KL RSS No 1 Sep)	340.5m	-1.5
Coconut oil (Philippines)§	$550x	
Palm Oil (Malaysian)§	$445	-15
Copra (Philippines)§	$420	-10
Soyabeans (US)	$207	-5
Cotton "A" index	56.85c	-0.35
Wooltops (64s Super)	552p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Sep. q-Oct. w-Sep/Oct. x-Aug/Sep. s-Sep/Oct. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Sep	893	887	896 887
Dec	880	873	884 874
Mar	875	869	880 870
May	865	860	865 860
Jul	899	894	901 894
Sep	910	910	910 913
Dec	956	948	956 950

Turnover: 3354 (5535) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 16: 1112.45 (1103.40) :10 day average for Aug 17: 1161.66 (1168.37).

COFFEE £/tonne

	Close	Previous	High/Low
Sep	998	1000	1015 997
Nov	1010	1013	1030 1008
Jan	1014	1008	1024 1005
Mar	1014	1000	1015 1001
May	1005	1010	1015 1000
Jly	1013	1010	1020 1010

Turnover: 4685 (3017) lots of 5 tonnes
ICCO indicator prices (US cents per pound) for Aug 16:Comp. daily 106.66 (104.65); . 15 day average 105.88 (105.16).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Oct	280.00	244.00	242.00 228.60
Dec	225.00	235.60	232.00
Mar	220.00	230.60	229.00 219.00
May	217.90	228.00	222.00 218.00
Aug	220.00	225.00	221.00 218.00
Oct	215.00	221.60	218.00 215.00
White	**Close**	**Previous**	**High/Low**
Oct	250.00	260.00	260.00 249.00
Dec	254.00	259.00	254.50 252.00
Mar	249.00	260.00	258.00 247.80
May	251.00	259.00	259.00 251.00
Aug	251.00	259.00	255.00
Oct	251.00	258.00	254.00 250.50
Dec	251.00	258.00	

Turnover: Raw 4870 (6636) lots of 50 tonnes. White 2762 (1502).
Paris- White (FFr per tonne): Oct 1630, Dec 1610, Mar 1620, May 1620, Aug 1620 Oct 1625

GAS OIL $/tonne

	Close	Previous	High/Low
Sep	131.25	130.50	131.25 130.25
Oct	133.75	133.50	133.75 132.75
Nov	136.00	135.50	136.00 135.50
Dec	138.00	137.00	138.00 137.00
Jan	135.25	135.50	135.50 135.00
Feb	136.00	133.50	133.75 133.00

Turnover 1374 (2122) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Sep	105.75	105.65	106.00 105.75
Nov	109.00	108.85	109.20 109.00
Jan	112.10	112.00	112.40 112.10
Mar	114.75	114.75	115.00 114.75
May	117.60	117.50	117.00 117.60
Barley	**Close**	**Previous**	**High/Low**
Sep	101.70	101.80	102.00 101.70
Nov	104.85	104.90	105.10 104.85
Jan	107.90	107.85	108.20 107.90
Mar	110.10	110.20	110.10
May	112.00	112.10	112.25 112.00

Turnover: Wheat 290 (198), Barley 106 (274). Turnover lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 1,125 tonne
Cash	2740-60	2780-80	2750	2740-60		
3 months	2710-30	2740-60	2730	2720-30	2720-40	8,262 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 14,375 tonne
Cash	1572-7	1565-70	1582	1562-6		
3 months	1514-6	1494-5	1514/1500	1495-500	1508-9	44,758 lots
Copper, Grade A (£ per tonne)						Ring turnover 21,375 tonne
Cash	1265-7	1249-50	1274/1272	1273-4		
3 months	1259-60	1244.5-5	1271/1257.5	1262-4	1270-1	82,223 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1220-5	1205-10		1220-5		
3 months	1220-5	1205-10		1220-5		33 lots
Silver (US cents/fine ounce)						Ring turnover 30,000 ozs
Cash	657-8	667-70		657-8		
3 months	671-2	681-3		671-3	670-5	518 lots
Lead (£ per tonne)						Ring turnover 15,425 tonne
Cash	351-2	357.5-8.5	355/352	354.5-5		
3 months	356-7	361-2	360/356	358.5-9	356-7	11,672 lots
Nickel ($ per tonne)						Ring turnover 1,362 tonne
Cash	14700-900	14700-50	14700	14600-700		
3 months	13950-4000	13850-14000	13950/13850	13875-900	13900-4000	5,946 lots
Zinc (£ per tonne)						Ring turnover 11,200 tonne
Cash	785-7	787-9	788/784	784-5		
3 months	773-4	771-2	777/770	772-3	776-7	22,615 lots

POTATOES £/tonne

	Close	Previous	High/Low
Nov	65.0	64.0	65.0
Feb	78.0	78.0	
Apr	94.0	91.8	95.0 93.0
May	105.0	102.0	

Turnover 426 (274) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Oct	175.00	178.00	176.00 173.50
Dec	183.50	185.50	183.50 181.50
Feb	187.00	190.50	

Turnover 180 (142) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Aug	1257	1262	1262 1257
Sep	1380	1368	1398 1375
Oct	1474	1465	1480 1472
Jan	1508	1504	1510 1500
Apr	1538	1530	1545 1595
BFI	1210	1211	

Turnover 214 (186)

WOOL
The Australian wool market is drifting a little lower this week. The Australian wool corporation's indicator reached 1052 today, which compares with 1071 at the end of last week, 1089 when sales were resumed towards the end of July, and a peak in April of 1265. The slide discourages new business. In Bradford topmakers still argue that recent strength in the Australian dollar tends to offset minor declines in the wool market. There is little success in getting present costs established, and where business is possible prices often involve a degree of risk. Top quotations vary widely between different firms, with 650p per kg. still a fair average for 64s, 58s at 485p and some coarser crossbreds dearer to meet costs, with 56s carded quoted around 385p.

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sept	Nov	Sept	Nov
2550		252		91
2700		168		144
2850		108		229
Aluminium (99.5%)	**Calls**		**Puts**	
2500	283		24	
2600	219		75	
2800	167		169	
Copper (Grade A)	**Calls**		**Puts**	
2050	145	171	22	85
2150	60	120	57	132
2250	38	81	114	191

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	428-428½	252½-253
Opening	429¾-429¼	251½-252
Morning fix	429	252.056
Afternoon fix	429	252.027
Day's high	429¾-429¾	
Day's low	427¾-428¼	
Coins	**$ price**	**£ equivalent**
Mapleleaf	441-446	260-263
Britannia	441-446	260-263
US Eagle	441-446	260-263
Angel	440-445	259⅝-262⅝
Krugerrand	427-430	252-254
New Sov.	101-102	59½-60¼
Old Sov.	101-102½	59½-60½
Noble Plat	541.25-547.5	318.3-322.1
Silver fix	**p/fine oz**	**US cts equiv**
Spot	388.95	662.00
3 months	400.50	676.95
6 months	411.95	692.80
12 months	433.60	723.40

US MARKETS

Despite indications of marginally lower temperatures, the soybean complex recovered from the recent sell-off as commercial and commission house buying emerged to take prices higher on the day, reports Drexel Burnham Lambert. Corn began on the defensive with technical selling but rallied to roughly unchanged with the beans. Wheat was unchanged. Physical grains prices were mixed and business was slack. Cattle futures eased with local selling, but buying by one packer was sufficient to force short-covering by the locals who took prices to new highs. Hogs eased in near contracts in anticipation of weaker cash prices, bellies were quiet. Sugar continued to fall as speculative and trade long-liquidation in a market devoid of physical offtake took prices through support areas. Cocoa eased on speculative liquidation in the spot September position, coffee was easier, but held to a narrow range. The precious metals ended a lacklustre day barely steady despite a stronger U.S. dollar, copper eased with profittaking. Energy futures were quiet, unleaded gasoline was firm

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Aug	431.0	428.9	431.5	428.9
Sep	432.8	430.5	0	0
Oct	436.1	433.0	436.3	431.6
Dec	440.9	438.8	441.0	437.1
Feb	446.9	444.8	445.9	444.3
Apr	452.9	450.8	450.0	450.0
Jun	458.9	456.8	457.0	457.0
Aug	464.9	462.8	0	0
Oct	470.9	468.8	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	529.5	531.1	534.4	527.5
Jan	535.5	536.8	540.1	534.0
Apr	542.5	543.8	546.0	542.0
Jul	549.5	550.8	0	0
Oct	557.5	558.3	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Aug	664.7	661.0	668.5	661.0
Sep	666.5	663.5	668.5	659.0
Oct	672.0	669.0	0	0
Dec	682.4	679.4	684.0	675.0
Jan	687.7	684.7	0	0
Mar	698.5	695.4	700.0	693.0
May	709.2	706.1	0	0
Jul	720.8	717.5	721.0	720.0
Sep	731.8	728.7	730.0	730.0
Dec	748.7	745.6	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	94.30	93.45	0	0
Sep	94.30	93.65	94.40	92.90
Oct	93.35	92.70	0	0
Dec	91.80	90.90	91.80	90.10
Jan	90.60	90.00	0	0
Mar	88.80	88.30	89.00	87.80
May	87.50	87.00	87.00	87.00
Jul	86.40	85.90	86.30	85.40
Sep	85.40	84.90	0	0
Dec	84.40	83.90	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Sep	15.44	15.49	15.51	15.42
Oct	15.64	15.70	15.69	15.61
Nov	15.75	15.81	15.80	15.72
Dec	15.88	15.97	15.94	15.87
Jan	15.97	16.07	16.01	15.95
Feb	16.04	16.12	16.06	16.00
Apr	16.08	16.19	16.15	16.08
Jun	16.15	16.25	16.17	16.15

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Sep	4400	4403	4410	4390
Oct	4470	4479	4490	4465
Nov	4535	4547	4565	4535
Dec	4605	4621	4640	4605
Jan	4640	4655	4665	4635
Feb	4615	4621	4630	4610
Mar	4460	4476	4490	4460
Apr	4375	4351	4375	4375
May	4290	4265	4290	4270
Jun	4220	4210	4220	4220

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1331	1336	1343	1329
Dec	1370	1375	1378	1367
Mar	1377	1386	1384	1372
May	1392	1398	1400	1388
Jul	1414	1425	1416	1410
Sep	1441	1450	1450	1437
Dec	1478	1485	1482	1480

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	118.17	118.39	119.00	117.80
Dec	120.62	120.69	121.20	119.80
Mar	120.89	120.53	121.30	119.25
May	120.45	120.50	121.00	119.70
Jul	119.85	120.00	120.00	119.75
Sep	117.85	118.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.86	10.49	10.39	9.85
Jan	8.75	9.42	10.10	8.75
Mar	9.64	10.03	9.93	9.61
May	9.41	9.80	9.69	9.40
Jul	9.31	9.70	9.62	9.31
Oct	9.25	9.59	9.56	9.25

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	53.52	52.80	53.80	52.50
Dec	51.51	51.02	51.90	50.50
Mar	51.70	51.20	51.70	50.91
May	52.00	51.55	52.00	51.25
Jul	52.55	52.01	52.55	51.70
Oct	53.55	53.20	53.80	53.00
Dec	53.80	53.35	53.95	53.10

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	198.50	194.90	199.00	194.10
Nov	184.30	182.75	184.50	182.30
Jan	175.05	173.90	175.00	174.00
Mar	173.85	172.50	173.30	172.00
May	172.35	171.00	171.40	171.00
Jul	171.00	170.00	170.10	170.10
Sep	171.00	170.00	170.10	170.10
Nov	171.00	170.00	0	0
Jan	171.00	170.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Aug 10	Aug 16	mnth ago	yr ago
1868.5	1875.5	1895.1	1647.4

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	132.43	139.32	136.77	129.29
Futures	134.47	136.28	142.54	130.17

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Aug	877/0	865/4	880/0	869/0
Sep	884/0	869/0	886/0	857/0
Nov	892/0	879/4	895/0	867/0
Jan	891/0	880/0	892/0	869/0
Mar	886/4	881/0	888/0	867/0
May	871/4	867/0	873/0	852/0
Jul	860/0	859/6	860/0	841/0
Aug	828/0	830/0	832/0	820/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	27.50	26.75	27.50	26.40
Sep	27.47	26.80	27.55	26.51
Oct	27.00	27.07	27.00	26.75
Dec	28.22	27.53	28.25	27.20
Jan	28.50	27.80	28.00	27.60
Mar	28.75	28.10	28.75	27.90
May	28.95	28.35	28.95	28.05
Jul	28.32	28.00	28.79	28.15

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Aug	277.5	277.5	3278.0	271.0
Sep	274.2	274.5	274.5	269.0
Oct	271.7	271.7	272.0	266.0
Dec	270.5	270.5	271.0	265.0
Jan	265.5	266.5	266.0	261.5
Mar	259.0	260.7	260.5	255.6
May	254.5	256.5	256.0	250.0
Jul	250.5	254.0	251.0	245.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	284/6	287/0	286/0	279/0
Dec	294/4	296/0	295/4	287/0
Mar	299/2	300/2	300/2	291/4
May	300/2	301/6	300/4	292/4
Jul	296/2	297/4	297/0	289/0
Sep	281/4	278/4	282/0	275/0
Dec	266/6	265/6	268/0	264/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	390/2	390/4	390/4	385/4
Dec	402/6	402/4	403/0	397/4
Mar	403/4	405/0	405/0	399/0
May	379/4	380/4	381/0	375/4
Jul	353/0	358/4	356/0	349/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	70.75	70.05	70.80	69.95
Oct	71.80	70.60	71.85	70.35
Dec	73.17	72.80	73.20	72.12
Feb	73.72	72.90	73.80	72.80
Apr	75.05	74.35	75.10	74.20
Jun	74.55	74.00	74.70	73.85
Aug	71.60	71.30	72.10	71.70
Sep	71.00	71.00	0	0

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Aug	46.95	47.17	47.12	46.70
Oct	40.75	40.37	40.97	40.10
Dec	43.10	42.47	43.20	42.30
Feb	45.00	44.77	46.20	44.70
Apr	44.02	43.87	44.50	43.85
Jul	48.85	48.85	46.97	46.75
Aug	48.35	48.10	48.35	0

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	34.70	33.87	34.75	34.60
Feb	51.87	51.32	52.02	51.30
Mar	51.75	51.50	52.15	51.50
May	53.15	53.00	53.40	52.90
Jul	52.57	52.30	53.30	52.57
Aug	51.85	51.10	52.00	51.85

WORLD STOCK MARKETS

AUSTRIA

August 17	Sch	+ or −
Creditanstalt	2,070	+20
Goesser	2,940	+10
Interunfall	11,820	+20
Jungbunzlauer	7,670	—
Laenderbank	414	+14
Perlmooser	670	—
Steyr-Daimler	88	+4
Veitscher Mag	625	—

BELGIUM/LUXEMBOURG

August 17	Frs.	+ or −
B.B.L.	2,660	−30
Banque Gen. Du. Lux	13,850	+50
Bank Intl. a Lux	13,200	—
Bekaert B	11,300	—
Ciment CBR	6,400	+70
Cockerill	294	+14
Colruyt	8,750	+150
Delhaize	4,590	−10
EBES	4,200	+10
Fabrique Nat	894	+18
GB Inno BM	1,208	−4
GBL(BruxL)	3,255	+10
Generale Bank	5,200	−10
Gevaert	7,950	+50
Hoboken	8,770	+10
Intercom	3,160	+10
Kredietbank	3,950	−15
Pan Holdings	12,700	+200
Petrofina	12,675	+75
Raffinerie Tirle	1,418	+16
Royale Belge	4,840	+80
Soc Gen Belge	4,200	−300
Sofina	12,175	−25
Solvay	12,400	+125
Stanwick Intl	88	—
Tractebel	7,750	+250
UCB	9,250	—
Wagons Lits	5,250	+40

DENMARK

August 17	Kr	+ or −
Baltica Hldgs	533.4	+0.6
Carlsberg	962.4	−37.6
Cop Handelsbank	261.2	+7.7
D. Sukkerfab	419.1	+7.2
Den Danske Bank	348.3	−11.7
East Asiatic	210.4	−4.6
GNT Holding	220	−1.5
I.S.S. B Systems	690.9	+10.9
Jyske Bank	433	+4
Novo Inds	267.2	+2.7
Privatbanken	259.2	+0.2
Sophus Berendsen	748.5 xr	+6.3
Superfos	2588.4	+3.4

FINLAND

August 17	Mka	+ or −
Amer	208.5	+2.5
Finnish Sugar	59	−2
Huhtamaki I Free	96.25	—
Huhtamaki K Free	190	—
KOP	71.5	−0.5
Kone	254	−0.5
Kymmene	125.5	−1
Nokia	165	−4
Pohjola 'B'	80.6	−0.5
Rauma-Repola	35.3	−2.45
Stockmann 'B'	231	+2
UBF 'C'	34	−0.25
Utd. Paper Prf.	127.5	−2.5
Wartsila (k11)	214.5	−4.5

FRANCE

August 17	Frs.	+ or −
Accor	440	−1
Air Liquide	529	+1
Alcatel	2,050	+10
BIC	645	+22
BNP (Cert.Inv.)	298	—
Bongrain	2,395	+1
Bouygues	424	+12
BSN	4,961	+61
Carrefour	2,450	—
Club Mediterranee	451	+1
Cie Bancaire	447	+13
Cie Fin. de Suez	250	+3
Cofimeg	285	−4
DEE	311.1	+3.6
Damart	2,385	+35
Darty S.A.	675	—
Eaux (Cie Gen)	1,317	+17
Elf-Aquitaine	336	+5
Essilor	2,479	+49
Gen. Occidentale	730	+5
Havas	681	+6
Imetal	199	+6.1
LVMH	2,780	+27
Lafarge Coppee	1,323	+23
L'Oreal	3,260	—
Legrand	2,750	+40
Maisons Phenix	67	+4
Matra S.A.	275	+2
Michelin B	197	+5
Midi (Cie)	1,225	−10
Moulinex	101	+1
Nord Est	99	+4
Paribas	401	+5
Pernod Ricard	1,072	+28
Perrier	899	+6
Peugeot S.A.	1,200	+30
Printemps Au	530	+17
Radiotech	720	+15
Redoute	2,651	+31
Roussel-Uclaf	1,235	+16
St. Gobain	501	+5
Sefimeg	396	−4
Skis Rossignol	990	+32
Telemech Elect	4,105	+79
Thomson (CSF)	181	+1
Total-Petroles Fr.	348	+0
Valeo	490	−5

GERMANY

August 17	Dm.	+ or −
AEG	202.4	−0.3
Allianz AG	1,532	+32
BASF	263.2	+6.2
Bayer	294	+6.6
Bayer-Hypo	334	+2
Bayer-Verein	338	+4
BHF-Bank	410 xr	+2.5
BMW	491	+7
Brown Boveri	303.8	−0.2
Commerzbank	226.5	+3.7
Continental AG	246.7	+2.7
Daimler-Benz	648	+16
Degussa	359	+4
Deutsche-Babcock	184	+2.8
Deutsche Bank	465.3	+10.3
Dresdner Bank	256	+4.7
Feldmuehle Nobel	275	+4
Henkel	468	+9.7
Hochtief	511	+17

JAPAN

August 17	Yen	+ or −
Ajinomoto	2,970	—
All Nippon Air	1,140	—
Alps Electric	1,900	+10
Amada	1,290	−30
Amano	1,580	—
Ando Construct	795	−8
Aoki Corp.	940	−9

CANADA

TORONTO

2pm prices August 17

Quotations in cents unless marked $.

OVER-THE-COUNTER

Nasdaq national market, 2pm prices August 17

Continued from page 39

INDICES

NEW YORK

DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

TOKYO - Most Active Stocks

Wednesday 17 August 1988

	Stocks Traded	Closing Prices	Change on day
Kawasaki Steel	158.49m	771	+30
Nippon Steel	65.89m	740	+33
Nippon Express	52.77m	1,380	+150
NKK	40.31m	686	+38
Nisshin Steel	32.67	1,150	+60
Keisei Electric Railway	28.95m	2,850	+390
Keihin Elec Express Railway	25.84	1,600	+150
Ishikawajima-Harima Heavy Ind	25.63m	1,180	+80
Tokyo Gas	24.76m	1,320	+90
Mitsubishi Heavy Ind	16.64m	939	+8

3pm prices August 17

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
27⅞	14	AAR s	.36	1.5	16	543	24⅛	23⅞	24⅛	+1⅛
12⅜	6⅝	ACMIn	n1.40e	12.		323	11⅝	11¼	11⅝	
12⅜	10⅛	ACMSc	n1.26	12.		219	11	10⅞	10⅞	
10⅛	9	ACMSp	n.17e	1.9		301	9¼	9	9	−⅛
27¼	10½	AGS			23	3694	27⅛	27	27	
6⅞	3¼	AM Intl				1547	5½	5⅜	5⅜	−⅛
29⅝	17	AM Int pf	2	6.3		79	31⅝	21½	31½	−⅛
64½	26⅞	AMR			0	2590	43	42½	42⅞	+⅛
11⅝	6⅝	ARX			16	3	7⅞	7⅞	7⅞	−⅛
76½	37⅞	ASA	3	8.3		1312	27⅞	d35¼	36¼	−1½
22⅛	9½	AVX	.05e	.3	11	707	17½	17⅛	17⅛	−⅛
60⅞	46	AbtLab	1.20	2.7	16	6500	45½	44⅞	44⅞	−⅛
27⅞	15⅛	Abitibi g	1			2	17¼	17¼	17¼	
16½	6½	AcmeC	.40	4.8		55	10⅛	10	10	−⅛
10⅛	6½	AcmeE	.32b	4.7	49	3	7	0⅞	0⅞	−⅛
23	14⅞	AdaEx	3.05e	20.		48	15½	15⅜	15⅜	
24⅞	7½	AMD				2330	12⅛	11⅜	11⅜	−⅛
50⅜	29⅛	AMD pf	3	6.2		19	36½	36	50⅛	+¼
29¼	19¼	Adob pf	1.84	10.		47	17¾	17⅝	17¾	+⅛
31⅛	17½	Adob pf	2.40	11.		15	21	20⅞	21	+⅛
12⅞	0⅞	Advest	.12	1.4	16	0	0⅞	0⅞	6⅞	+⅛
64¼	39½	AetnLf	2.76	3.7	7	1375	46¼	47⅝	48½	+⅛
40	20⅞	AflPb s	.20	.8		335	26¼	25¾	25¾	−⅝
23⅜	16	Ahmans	.88	5.8	10	1089	15⅞	15½	12¼	−½
4	1⅛	Aileen				52	3⅞	3⅞	3⅝	
53⅞	29	AirPrd	1.20	2.8	12	1248	48⅞	48⅝	48⅞	+⅛
28¼	11⅞	AirbFrt	.60	3.8	21	116	10⅛	15⅞	10	
18¼	9⅞	Airgas			15	46	13¾	13½	13⅛	
20	13½	Airlease	2.30	12.	10	12	16⅝	16½	16½	

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Continued on Page 39

NYSE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
Continued from previous Page										
12¾	13-16	Savn pfA				1	71⅛	11⅝	77⅜	− ¼
34½	28½	SCANA	2.40	8.0	10	238	30⅛	29¾	29¾	− ⅛
9¼	5⅝	Schlr	.31e	4.4		11	7⅛	7	7	− ⅛
27⅜	31¼	SchrPlg	1.40	2.7	17	2843	62¼	61⅝	62¼	+ ¾
49⅝	28	Schlmb	1.20	3.6	19	9575	34⅛	33⅝	34	
17	5¼	Schwb n			121	39	7⅛	7⅛	7⅛	− ⅛
28¼	8¼	SciAtl	.72	7.1	9	2100	11	10⅝	11	+ ⅛
43½	27½	ScottP	.74	2.1	19	1822	35⅞	35⅛	35½	− ⅛
13¾	16	Scotlys	.52	4.0	16	26	13	12⅞	13	+ ⅛
15¼	6¼	ScudNA	.07e	.7		65	9¾	9⅝	9⅝	
30½	12	SeaCnt	.30e	1.3	4	283	24	23⅜	23⅝	− ⅛
14	10½	SeaCt pf1.46		11.		16	13⅜	13¼	13¼	+ ⅛
17½	14	SeaC pfB2.10		13.		2	16¾	16½	16⅝	+ ⅛
17½	13⅜	SeaC pfC2.10		13.		1	16¾	16⅝	16⅝	+ ⅛
08	37½	SeaC pfD4.12		8.7		77	47⅜	47½	47⅝	+ ⅛
61⅛	49	Seagrm	1.20	2.2	9	949	53¾	53⅜	53⅝	+ ¼
23⅝	16	Seagul				12	19⅝	19⅜	19⅝	
56	29¾	Sears	2	5.5	8	3630	36⅝	36¼	36½	
43⅜	29½	SecPac	1.95	5.3	10	1412	37⅜	36¾	37⅛	+ ⅝
86⅜	40¾	SequaA	.15e	.2	14	75	61½	60¼	60¾	+ ⅛
110½	64	Sequa pf	5	6.7		2	87	87	87	− ½
30½	18	SvceCp	.48	2.6	14	709	19⅝	19½	19⅝	
13⅝	8¼	SvcRes				30	6½	5⅝	5⅝	
29⅜	23½	Svcmst	1.60a	3.8	73	94	25	23⅞	24⅞	+ ⅛
26⅛	12¼	Shaklee	.80	4.0	12	118	20⅛	20	20⅛	− ⅛
21	12⅝	Shawin	.65	2.9	17	147	22¾	22½	22½	− ⅛
30⅞	12½	ShLehH	.75	3.1		250	24⅜	24⅛	24⅛	− ⅛
29⅜	71½	Shelby	.24	1.9	14	65	13⅛	12⅞	12⅞	− ⅛
21½	67	ShellT	4.79e	6.8	8	396	70¼	70¼	70¼	− ⅛
36⅛	30½	Shrwin	.64	2.2	13	2017	29⅝	29½	29⅝	+ ⅛
16⅜	6⅛	Showbt	.28	3.4		176	8¼	8	8¼	+ ⅛
24¼	18	SierPac	1.76	8.4	10	135	21⅛	20⅞	21	− ⅛
[illegible]										

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices August 17

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

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OVER-THE-COUNTER

Nasdaq national market, 3pm prices August 17

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]						

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AMERICA

Focus on currencies subdues Dow

Wall Street

EQUITIES and bonds moved modestly lower yesterday, reversing the rather surprising rallies on Tuesday after the release of a larger-than-expected US trade deficit in June, *writes Janet Bush in New York*.

At 2pm, the Dow Jones Industrial Average stood 8.35 points lower at 2,013.16. Volume totalled 121m after the morning session but activity was boosted by heavy trading in stocks about to go ex-dividend. Genuine activity was light.

US Treasury bonds showed some firmness in the short end of the yield curve but longer maturities slipped. By midsession, prices at the long end of the curve were quoted around ¼ point lower.

The Treasury's benchmark long bond came under pressure after some heavy buying of this issue was reported in the wake of Tuesday's trade figures. At midsession yesterday, the long bond was quoted ⅜ point lower to yield 9.43 per cent.

Trading was fairly quiet in both bond and stock markets as attention was focused on events in the currency markets where the dollar has been in strong demand. The Federal Reserve and the Bundesbank were seen selling dollars in New York and Frankfurt.

The rally in the dollar has been the most surprising aspect of financial markets this week and has kept a floor underneath bonds and equities. There seems to be genuine demand for the dollar because of higher US interest rates. However, many currency economists believe that the current upward trend in the dollar will reverse because of adverse economic fundamentals.

Among featured stocks was Enseco, the environmental consulting service, which jumped $2⅛ to $10 in over-the-counter trading after the company said it was talking to two multinational corporations about a possible acquisition.

Farmers Group jumped $3⅜ to $67⅛ after news that it had decided to meet representatives of the US subsidiary of Britain's BAT Industries to discuss its sweetened offer of $72 a share.

Varo added $3⅜ to $22⅞ after it said it would consider a $22-a-share offer by United Scientific Holdings of Britain.

Armtek added $⅜ to $44⅜ after the company said that it had rejected an offer worth $40 a share from Mark IV Industries. Mark IV's stock slipped $⅛ to $10⅛.

Envirodyne fell $⅞ to $26⅞ after the company said that talks about a possible acquisition by Artra Group, which owns a 26.7 per cent stake, had been broken off. Artra was unchanged at $26⅜.

Among corporate earnings announcements yesterday was that by Prime Motor Inns, which fell $¾ to $30 after it announced fourth quarter net earnings of 60 cents a share compared with 46 cents.

Hewlett-Packard, one of the most actively traded stocks on the New York Stock Exchange yesterday, was unchanged at $45⅞ after it announce net earnings of 80 cents a share in its third quarter compared with 57 cents a year earlier.

Toys "R" Us, the discount toys chain, added $⅜ to $37⅛ after news of its second quarter results. The company posted net earnings of 18 cents a share compared with 13 cents a year ago.

Veeco Instruments rose $1⅛ to $18¼. The company said it knew of no reason for the sharp rise in its share price yesterday morning.

However, it also said it had held informal and highly preliminary discussions with several parties about a possible takeover.

Among blue chip issues, International Business Machines dropped $1⅜ to $114, American Telephone & Telegraph slipped $⅛ to $24⅛ and Procter & Gamble fell $⅜ to $72⅛.

Canada

EARLY gains were eaten up by falling gold and base metal issues, with the composite index easing 1.5 to 3,267.3 at midsession. It rose 6 points in early trading.

Among most actives, Canadian Pacific slipped C$⅛ to C$22⅛ and Alcan Aluminium fell C$⅛ to C$35⅛.

Stockholm recalls its sleepy youth

At 125 years old, the bourse is fitter than ever, writes Robert Taylor

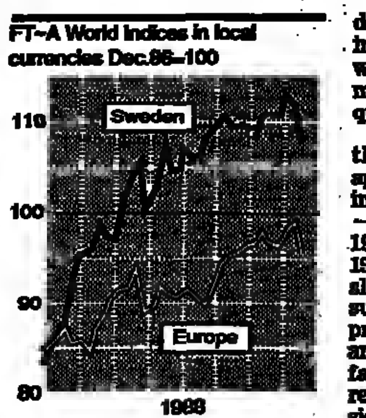
THE Stockholm bourse kicks off two days of celebrations today to mark its 125th anniversary, an event which coincides with eight months of steadily rising share prices, making it one of Europe's more buoyant markets.

Leading figures in the international finance world, including Mr David Ruder of the US Securities and Exchange Commission and Sir Nicholas Goodison, outgoing chairman of the International Stock Exchange in London, will grace the celebrations. The two are delivering papers on the future of international markets, and their presence is seen as underlining the professional esteem in which Stockholm is now held overseas.

The beautiful 17th century building in the picturesque Old Town, which has housed the stock market since its inception on February 4 1863, continues to be the centre of Sweden's financial activities. In the narrow, cobbled streets close to the Royal Palace, brokers and analysts work in a rather deceptive atmosphere of almost reverential tranquillity.

Activity on the floor of the tiny exchange itself may lack the frenzy of Wall Street or London, but during the 1980s Stockholm's growth has been phenomenal, with a huge increase in trade from SKr7.6bn in 1980 to SKr124.5bn last year.

FT-A World Indices in local currencies Dec.86=100



There has been little precedent in the exchange's history for such dramatic growth in activity. An anniversary book of essays* published yesterday about the Stockholm bourse shows how slow and stately its expansion has been until the last few years.

The bourse did enjoy a sudden increase in business during the First World War, as well as its immediate aftermath, but this trend was quickly reversed in the 1920s.

Sweden's neutrality during the Second World War appeared to have no positive impact on the stock exchange – unlike between 1914 and 1918 – and until the early 1960s Stockholm maintained its sluggish pace. The country's successful economic policies produced low unemployment and encouraged private manufacturing, but were not reflected by noticeable expansion in the equity market.

A good indication of the market's former sleepy character is revealed by the fact that the highest annual figure of bourse transactions recorded in 1918 was not reached again in current prices until 1972. No wonder financiers in Sweden talk about the present decade as the renaissance period.

A number of favourable circumstances have coincided over recent years to attract investors to Stockholm. Successive devaluations of the Swedish krona, a deliberate strategy of exchange liberalisation and the successful performance of the country's big companies have all proved a boon. The internationalisation of the world's trading markets during the 1980s has also aided the level of business on smaller bourses like Stockholm.

Indeed, some believe Sweden could have performed even better if it were not for large foreign investors' preference for buying the country's blue chip stocks in London, where transaction costs are about a third of those in Stockholm. The Swedish Government's high turnover tax is seen by many as a strong disincentive to direct foreign investment.

However, the future is generally looking bright for the Swedish bourse. It is about to become fully automated, with the SAX system due to be introduced early next month – though there were red faces at the exchange last week when business had to be stopped because of a computer failure.

* *Stockholms Fondbörs Riskkapitalmarknad i omvandling, available in Swedish only, from: SNS Förlag, Sköldungagaten 2, 11427 Stockholm.*

● The market profile series continues tomorrow with a look at South Korea.

EUROPE

Rallies aided by rise in dollar and company news

THE STRONGER dollar and healthy corporate results proved a boon for share prices in Europe yesterday, and most bourses ended higher, although turnover remained low, *writes Our Markets Staff*.

FRANKFURT was buoyed by good company results and the firmer dollar, with turnover still low but well up on the previous two days.

The dollar staged a strong recovery over the session, starting at DM1.8935, after a DM1.8720 close on Tuesday, and rising to DM1.9005 by mid-afternoon. That helped boost demand for German shares from DM1.7bn on Tuesday to DM2.77bn, while share prices rose 2 per cent, with the DAX index up 23.42 at 1,182.18.

Steel and engineering group Mannesmann, reporting improved interim profits, rose DM4.50 to DM175, while Viag, the energy, aluminium and chemicals group, put on DM6.50 to DM228, turning in 7 per cent higher interim sales.

Chemicals group BASF announced an 18.2 per cent climb in interim group pre-tax profits, and rose DM6.20 to DM263.20. Other chemicals followed suit, with Hoechst up DM4.60 at DM281.20 and Bayer, which reports today, DM6.60 higher at DM294.

The US trade deficit figures were interpreted as containing potentially good news for West German exports. A large proportion of US imports was taken up by capital goods, and West Germany is seen as a substantial source of those goods.

Bonds were little changed, with the yield on the federal 6⅜ per cent 1998 unit at a steady 6.81 per cent.

PARIS gained ground, again in relatively thin volumes, with speculative interest adding a bit of spice to an otherwise dull market.

The CAC General index opened the day up 0.3 at 349.7 and by the end of the session share prices were 1 per cent higher at 350.53, a gain of 3.76.

Volumes were estimated to value about FFr1bn, with most trading seen in such stocks as Société Générale and drinks group Pernod.

Société Générale, where trading volumes in France were estimated to be as high as 80,000 shares, rose FFr17, or 4.6 per cent, to FFr388 amid rumours that a stake was being built up in the bank, possibly by Deutsche Bank of West Germany.

Pernod, with 38,000 shares dealt, put on FFr28 to FFr1,072, still benefiting from talk of a possible link with Irish Distillers. If the two did join forces, Pernod would benefit from Distillers' distribution network as well as overall synergy, said one French analyst. If there was no agreement, Pernod could probably sell any stake it had for capital gain, given the current bid battle for Distillers.

AMSTERDAM closed sharply higher, with the CBS all-share trend index up 2.8 points, or almost 3 per cent, at 97.4. A generally calm reaction to the US trade figures and a recent round of good company results added to favourable basic sentiment and triggered fair demand.

NMB bank, which published a 54 per cent surge in half-year net profits on Tuesday and saw its stock suspended from trading 15 minutes before the official close, rose Fl 11 to Fl 192.50 after all of Tuesday's trades were cancelled. Bourse officials said the results were not distributed simultaneously.

Retailer Abold was suspended after news that Ahold had agreed to take a 45 per cent stake in retailer Schuitema, increasing its holding to 55 per cent. Ahold, which gave no financial details of the deal, closed at Fl 83.30 on Tuesday.

Trading company Hunter Douglas traded Fl 6.40 higher at Fl 65.40 after Tuesday's good results.

ZURICH recovered some of its recent losses as investors reacted favourably to the rebound in the dollar and the resilience of Wall Street and Tokyo. The Crédit Suisse all-share index rose 5.9 to 473.1, but turnover remained moderate.

Interest was selective, focusing on smaller capitalisation issues and possible takeover candidates. Industrial company SIG jumped another SFr600 to SFr6,700 in heavy trading. Takeover rumours have surrounded the group for some time, but one analyst said it was virtually takeover-proof.

MILAN maintained its early gains in relatively active late trading, with the MIB index up 7.61 at 537.58. Volume was similar to Tuesday's 39.9m shares.

Electricals and retail stocks led the rise, with La Rinascente up L60 at L4,585 and Standa L250 higher at L18,000. Blue chips were buoyant, with Fiat gaining L171 to an after-hours L9,690 and Montedison rising L46 to L1,960.

STOCKHOLM closed higher in quiet trading, with the Affärsvärlden index up 2.8 at 862.3. Turnover was worth SKr208m.

Satisfactory Swedish trade balance figures for July showing a SKr2.7bn surplus contributed to the positive mood.

Shares of road haulage company Bilspedition were suspended at SKr170 at the company's request after an early rise of SKr5. This followed suspension of shares in shipping company Transatlantic, widely rumoured as a takeover target for Bilspedition.

BRUSSELS recovered from the previous day's losses and closed firmer in active trading, encouraged by Wall Street's overnight rise.

Groupe AG, the insurer, closed unchanged at BFr6,800 before news that it had taken a 5⅛ per cent stake in Sun Life Assurance of the UK.

Tractebel, the utility company, continued to advance, adding BFr250 to BFr7,750, taking its gains over the past three sessions to 10 per cent.

MADRID enjoyed a lively session after international worries earlier in the week eased. The general index rose 1.46 to 283.43.

Only banks were subdued. Utility Telefónica rose by 1.25 percentage points to 194.75 per cent of nominal market value.

London

TRADING was very dull, with the FT-SE 100 index closing moderately better, up 5.6 points at 1,830.9. Turnover was average as investors stayed on the sidelines awaiting today's bank lending and money supply figures. International favourite Hanson saw continued strong demand.

ASIA PACIFIC

Nikkei climbs steadily as turnover improves

Tokyo

NEWS OF the unexpectedly high June US trade deficit was calmly received in Tokyo yesterday. Share prices rose steadily in improved volume and the Nikkei average topped the 28,000 level for the first time in a week, *writes Michiyo Nakamoto in Tokyo*.

The Nikkei took encouragement from Wall Street's overnight rally, opening 154.60 higher from Tuesday's close and rising 282.31 to finish at 28,178.86. The day's high was 28,181.48, the low 27,930.10.

Volume was much stronger than in the first two days of this week at 897.4m shares, up from Tuesday's 284m.

In London, Japanese stocks slipped 1.35 from the Tokyo close as the ISE/Nikkei 50 index finished at 1,861.09.

Analysts in Tokyo were generally relieved at the US trade figures. "Everybody was preparing for the worst so that once the figures came out, they didn't look so bad after all," said Mr Piers Higson Smith, a trader at S.G. Warburg Securities.

Some analysts forecast a stronger market towards the end of the month, with trading volume expected to increase. For the past six years, turnover decreased both in mid-August and mid-September, but rose in the period in between, according to an analyst at Daiwa Securities.

Others were less enthusiastic. Mr Jonathan McClure, institutional sales department manager at Schroder Securities, said: "The volume of trading was not particularly impressive and the bond market was not really strong enough to justify the Nikkei's rebound."

Buying interest focused yesterday on shares of companies that have been popular recently on the basis of their hidden assets. Ishikawajima-Harima Heavy Industries, which owns property along the Tokyo Bay – an area attracting interest for its redevelopment possibilities – rose Y80 to Y1,180.

Keisei Electric Railways rose Y390 to another record high of Y2,850 on the basis of its property assets and involvement in resort developments. Keisei is a key shareholder of Oriental Land, which operates Tokyo Disneyland and is rumoured to be going public in the next year or so.

Keisei's strength rubbed off on Nippon Express, Japan's largest integrated transporter, which rose Y150 to a 1988 record high of Y1,380. Nippon Express owns property near Japan Railways stations throughout the country.

Mitsui Real Estate, another large shareholder of Tokyo Disneyland, also rose sharply. It added Y110 to Y2,330.

Large capital steels were actively sought because of their significantly improved earnings. Kawasaki Steel, the day's most active stock with 158.5m shares traded, rose Y36 to another record high of Y771. Buying interest in Kawasaki was spurred by rumours that it would revise its earnings projections upwards. Kawasaki Steel also has large property holdings along the Tokyo Bay.

Machine-tool makers, which are likely to raise their earnings projections as a result of increased orders, also saw demand. The boost to their business stems from a widespread rise in capital spending.

Among them, Okuma Machinery rose during the session to match its record high of Y1,270, helped by news of an increase in July orders of 87 per cent over last year. Okuma closed at Y1,250, up Y60 from Tuesday's close.

In the bond market, the benchmark 105th government bond was boosted in the morning session by news of the wider US trade deficit. Trading was on relatively thin volume, however, and lack of other news kept the market from moving one way or the other. The 105th government bond closed up Y0.34 to yield 5.175 per cent.

Trading in Osaka was active in response to the upturn on Wall Street. The OSE Average rose 117.77 to 27,171.08 and volume was 98.7m shares.

Roundup

TURNOVER remained at low, summer holiday levels on Asia Pacific exchanges, with the US trade deficit figures causing little stir.

AUSTRALIA shrugged off the negative influences of the US figures and worries about lower gold prices to close slightly higher.

The All Ordinaries index gained 8 to 1,608.1. The improvement was led by industrial companies and rises narrowly outnumbered falls.

HONG KONG closed slightly higher after thin trading focused mainly on blue chips. The Hang Seng index rose 5.3 to 2,594.66, but turnover remained low at HK$509m, down from HK$572m.

Wharf topped the active list, ending unchanged at HK$8.10. Applied Electronics rose 1½ cents to 33½ cents and later issued a statement saying its recent rights issue had been 45 per cent oversubscribed.

SINGAPORE closed marginally lower after selective profit-taking in fairly quiet trading. The Straits Times industrial index shed 0.61 to 1,120.27.

Turnover rose to 40.4m shares against Tuesday's 38.5m. Prices were generally higher at the outset in response to Wall Street's resilience, but profit-taking soon wiped out most of the gains.

TAIWAN was boosted by gains in Tokyo and on Wall Street with the weighted index climbing 209.34 to a record 7,604.25.

SOUTH AFRICA

GOLD ISSUES slipped in quiet trading in Johannesburg yesterday, after a fall in the bullion price to less than $430. A lower financial rand, however, kept losses in check.

Diamond stock De Beers rose a further R1.10 to R39.35 following its good first half figures on Tuesday.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY AUGUST 16 1988					MONDAY AUGUST 15 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (87)	145.81	-1.6	125.75	120.74	3.69	148.14	128.25	122.81	150.71	91.16	158.04
Austria (16)	87.34	+1.2	75.33	84.62	2.46	86.35	74.75	84.26	98.18	83.72	96.72
Belgium (63)	112.26	+0.8	96.82	109.77	4.60	111.42	96.46	109.77	139.89	99.14	133.18
Canada (128)	118.30	-0.1	102.03	105.19	3.19	118.46	102.55	104.99	128.91	107.06	138.29
Denmark (39)	122.68	+0.5	105.80	119.38	2.43	122.04	105.65	119.63	132.72	111.42	117.09
Finland (26)	125.34	+0.0	108.10	116.46	1.48	125.33	108.50	117.36	139.53	106.78	–
France (129)	89.91	+0.0	77.54	89.42	3.63	89.91	77.84	90.02	99.62	72.77	107.57
West Germany (100)	73.77	-0.4	63.62	71.79	2.58	74.06	64.12	72.43	80.79	67.78	104.54
Hong Kong (46)	105.40	-0.3	90.90	105.60	4.50	105.77	91.57	105.97	111.86	84.90	140.88
Ireland (18)	129.14	+0.1	111.37	126.84	3.76	129.00	111.68	127.65	144.25	104.60	140.34
Italy (102)	72.11	+0.9	62.20	74.71	2.70	71.51	61.90	74.52	81.74	62.99	85.79
Japan (456)	164.00	+0.1	141.45	137.72	0.52	163.76	141.77	137.93	177.27	133.61	144.33
Malaysia (36)	148.74	+0.1	128.28	150.97	2.43	148.60	128.65	151.24	154.17	107.83	186.10
Mexico (13)	150.43	+1.7	129.74	376.32	1.45	147.90	128.04	369.17	180.07	90.07	295.98
Netherland (38)	101.89	-0.3	87.88	98.29	4.66	102.20	88.48	99.08	110.66	95.23	128.94
New Zealand (20)	78.35	-0.8	67.57	62.98	5.85	78.96	68.36	63.53	84.05	64.42	120.51
Norway (25)	114.05	-0.6	98.36	106.07	2.84	114.77	99.36	107.52	132.23	98.55	166.96
Singapore (26)	129.05	+0.6	111.30	120.96	2.18	128.29	111.06	120.48	135.89	97.99	171.45
South Africa (60)	112.85	+2.0	97.33	88.10	4.81	110.67	95.81	87.96	139.07	109.87	169.44
Spain (43)	146.45	+0.0	126.31	135.97	3.32	146.51	126.84	136.86	164.47	130.73	143.19
Sweden (35)	113.34	+0.8	97.75	107.89	2.64	112.40	97.31	107.62	125.50	96.92	126.18
Switzerland (55)	75.93	-0.6	65.49	73.93	2.32	76.38	66.13	74.75	86.75	75.60	107.62
United Kingdom (324)	131.28	+0.8	113.22	113.22	4.47	130.24	112.76	112.76	141.18	123.09	147.19
USA (580)	106.40	+0.7	91.77	106.40	3.74	105.65	91.46	105.65	112.47	99.19	134.43
Europe (1013)	103.87	+0.4	89.59	95.96	3.79	103.49	89.60	96.07	110.82	97.01	123.58
Pacific Basin (671)	160.97	+0.1	138.83	135.70	0.73	160.85	139.25	135.98	172.26	130.81	144.73
Euro-Pacific (1684)	138.14	+0.2	119.14	119.87	1.66	137.91	119.40	120.09	147.53	120.36	136.34
North America (708)	107.03	+0.7	92.31	106.34	3.70	106.33	92.05	105.62	113.29	99.78	134.63
Europe Ex. UK (689)	86.89	+0.0	74.94	85.22	3.18	86.90	75.23	85.72	92.99	80.27	108.95
Pacific Ex. Japan (215)	124.52	-1.0	107.40	110.35	3.95	125.80	108.91	111.58	128.27	87.51	149.65
World Ex. US (1885)	137.21	+0.2	118.34	119.17	1.73	136.98	118.59	119.37	146.49	120.26	136.87
World Ex. UK (2141)	124.72	+0.3	107.57	114.88	2.15	124.35	107.65	114.78	131.77	111.77	134.78
World Ex. So. Af. (2405)	125.36	+0.3	108.12	114.89	2.36	124.95	108.17	114.76	132.39	113.26	135.66
World Ex. Japan (2009)	106.72	+0.5	92.04	102.94	3.75	106.20	91.94	102.62	112.43	100.00	131.86
The World Index (2465)	125.29	+0.3	108.06	114.71	2.37	124.86	108.10	114.58	132.38	113.37	135.88

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Belgian prices were unavailable August 16.

Latest prices were unavailable for this edition.